

MAGNOLIA

**Magnolia Bostad
Annual Report 2022**

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Magnolia Bostad's formal financial reports can be found on pages 59–105 and are audited by the company's auditors.

Line-Sol Skotnes welcomes you in Magnolia Bostad's reception and lobby.



Our business

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2022 in brief

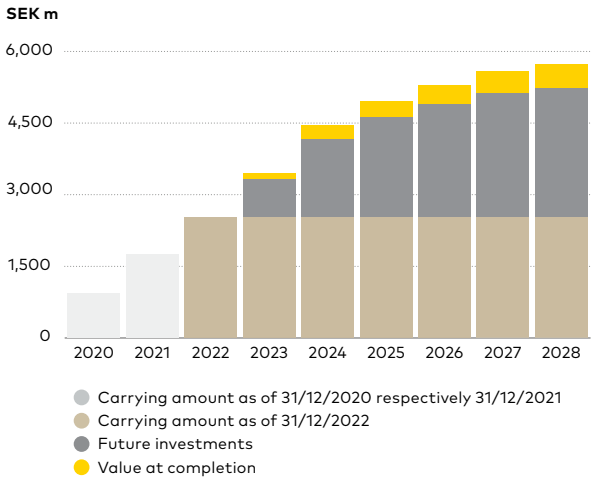
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Januari–December 2022

- Net sales amounted to SEK 569 m (1,268).
- The operating loss was SEK 747 (+260), of which SEK -230 m (128) refers to changes in the value of investment properties.
- The loss before tax for the period was SEK 929 m (+75) and the loss after tax amounted to SEK 863 m (+50).
- Earnings per share, after deductions for minority shares, was SEK -20.89 (1.59).

Value of properties for self-management

Completed properties and the estimated value of properties in production for self-management. See [page 42](#).



Group KPIs

	2022 jan–dec	2021 jan–dec
Project related ¹⁾		
Number of production-started residencies during the period	949	1,615
Number of residencies sold during the period	60	800
Total number of residencies in production.	9,345	9,410
Total number of estimated building rights	18,828	20,112
Financial		
Investment properties, SEK m	2,489	2,276
Operating profit, SEK m	-747	260
Return on equity, %	neg	3.6
Equity/assets ratio, %	32.5	38.7
Interest coverage ratio, times	neg	0,8
Share related		
Earnings per share, SEK	-20.89	1.59
Equity per share, SEK ²⁾	58.88	44.34

¹⁾ Including Magnolia Bostad's share of joint ventures and share attributable to holdings without a controlling influence in Magnolia Bostad's subsidiaries.
²⁾ Excluding non-controlling interests (minority) and hybrid loans.



Malvina Scheja and Julia Hermansson at the office in Stockholm.

A changed world

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In recent years, we have witnessed revolutionary events in the world around us. First the pandemic that struck about three years ago and then Russia's unjustifiable invasion of Ukraine in February 2022. We see increased uncertainty in the geopolitical situation and in macroeconomic development.

During 2022, we experienced rampant inflation and sharply rising interest rates. We also learned the difficulty of gaining access to the financing market. New market conditions started to prevail, and Magnolia Bostad was naturally also affected. With cost increases to turnkey contracts, more expensive financing, and higher yield requirements, it has been difficult to start the production on new projects.

Reviewing and streamlining

In order to adapt to the new conditions, we have during the last year been working on reducing costs and we made a review of our building rights portfolio to make it better balanced for the prevailing conditions. Due to turnkey contract costs remaining high we have postponed the production start for a number of projects and we have cancelled acquisitions where the conditions were not in place to execute the projects according to plan, affecting around 1,500 building rights. In addition to this, we have also sold roughly 700 building rights.

We have in 2022 experienced negative valuation effects and impairments, partly due to higher financing costs, which bring with them higher yield requirements and partly because of higher contracting costs. Also the Court of Appeal's rulings on limited rent increases for newly produced apartments with presumptive rents has impacted the valuations.

”

At the end of the year, we had around 9,300 residential units in production

Production starts and residential units in production

During the year, we started the production of around 950 residential units and completed around 900 units. At the end of the year, we had around 9,300 residential units in production, of which around 2,000 are for self-management and around 7,300 units have been sold to external buyers. These ongoing projects are continuing and will be managed according to existing schedules.

The future

This changed environment of new market conditions has led to significantly lower activity on the transaction market and an extremely pronounced slowdown in the production of new housing in Sweden, the full effects of which we have not yet seen. However, the fundamental conditions for our business are still in place. There is an extensive shortfall of housing in Sweden and the need for effective new production will be significant to cope with economic and social development in Sweden in the coming

We have strong, committed owners who give us the platform to take advantage of opportunities in the current market. In total during the year, we received SEK 700 m in capital injections from our owner company HAM Nordic AB. Despite a difficult bond market, we were able to issue another green bond in the first half of the year and redeem a bond before it ma-



Johan Tengelin, CEO

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” *We only have green bonds and were also granted green building credits during the year*

tured. Sustainability in financing, as well as in project development, is a condition for all our work. We only use green bonds and during the year we were granted green building credits.

I don't think it will be too long before inflation returns to more normal levels, which should lead to more stable interest rates, improved financing options, less uncertainty in cost trends and a generally increased willingness to invest.

This would provide us with better conditions for the purchase of turnkey contracts at reasonable levels and start more new projects. Until then, we will work on existing opportunities in the current market. We have a strong market position and a high implementation capacity with good opportunities to continue developing residential units and new communities even under prevailing tough market conditions.

I would like to thank all my committed employees, our partners and our Board for the past year and look forward to the future with confidence.

Stockholm, April 2023

Johan Tengelin
CEO



In Upplands-Bro, we are developing a new community with 2,300 homes.

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Deteriorating market conditions
A radical deterioration in market conditions in 2022. Rapidly increasing inflation with rising contract prices led to the postponement of certain production starts. The cost base was adjusted through cost savings and a reduction in the workforce. A review of the building rights portfolio was conducted to better suit the new market conditions.

Production starts
Production started on around 950 residential units, both for self-management and for sale.

Residential units in production
9,300 residential units in production as of 31 December 2022, of which around 2,000 units were for self-management and around 7,300 units sold through forward funding.



A new community is emerging in Upplands-Bro, see page 48.



Occupancy of Magnolia Bostad's project in Partille Port, see page 54.

Completion of residential units
Around 900 residential units completed. Since the company was founded, Magnolia Bostad has completed over 6,700 residential units.

- Activities for the climate**
- Joined the Science Based Targets Initiative (SBTi) and received an approved climate target. This means confirmation that the company's climate goals are scientifically based and contribute to slowing down climate change in line with the Paris Agreement.
 - Developed a strategy for climate goals in 2030 and began to calculate the climate impact of projects.

Shareholders' contribution
Magnolia Bostad's owner, Ham Nordic AB, provided the company with SEK 700 m in capital contributions.



One hundred per cent green bonds
Issued new senior unsecured green bonds worth a nominal SEK 300 m within a framework of SEK 1,500 m and listed them on the Nasdaq Stockholm's sustainable bond list. Completed voluntary early redemption amounting to SEK 180 m in outstanding green bonds.

Green construction loan
Received our first green construction loan during the year. Our aim is for all financing to be green or otherwise sustainable based on an environmental and social perspective.

Environmentally certified housing
100% of all housing completed in 2022 was environmentally certified or had an environmental certification in progress in December 2022.



This is Magnolia Bostad

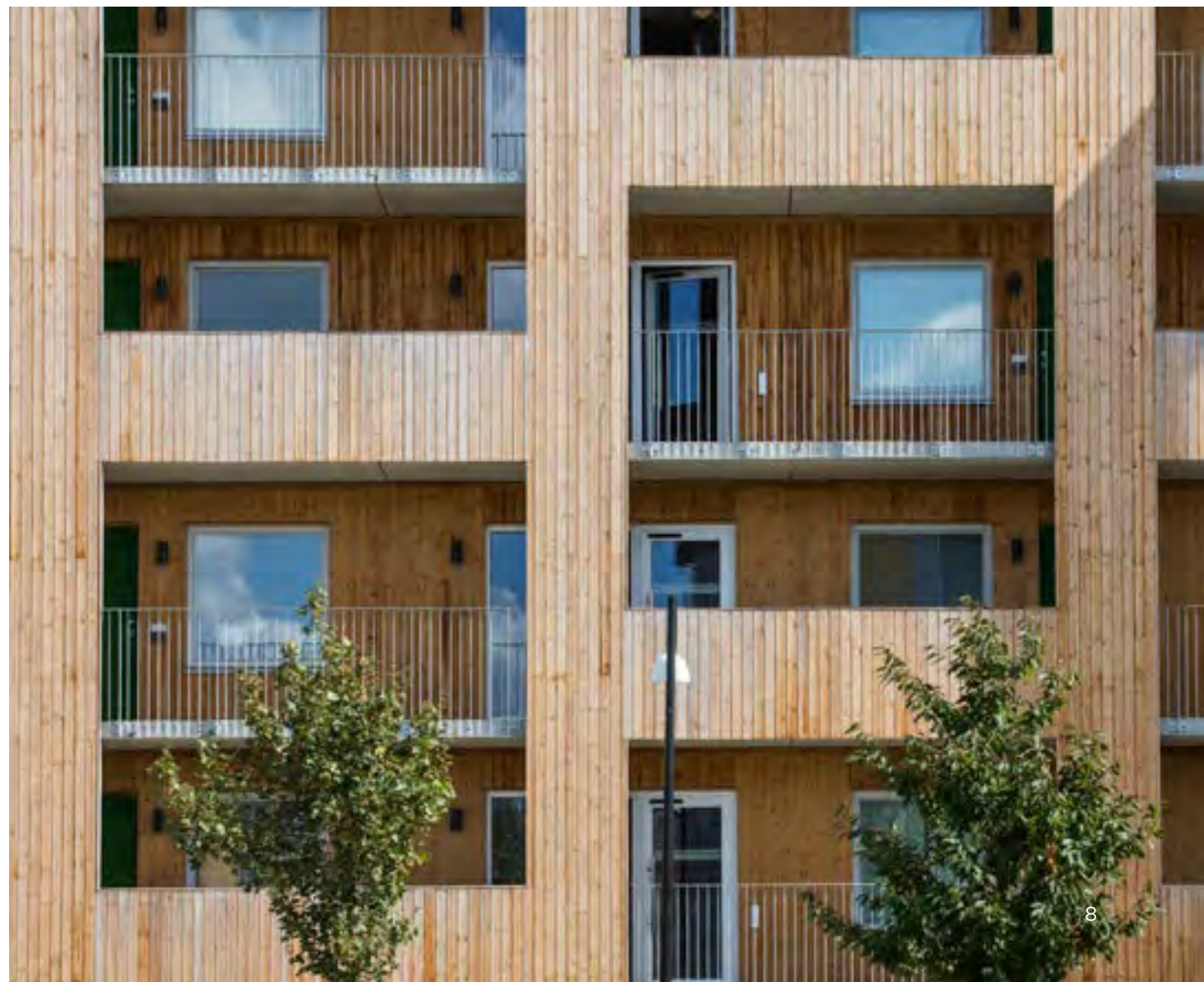
Magnolia Bostad is a leading urban developer developing new housing in attractive locations. At the end of 2022, around 9,300 residential units were in production, most of which will be ready for occupancy over the next four years.

We develop housing both for self-management and for sale, both rental properties and tenant-owned apartments, community service properties and hotels. Our business extends from Ystad in the south to Luleå in the north and we have offices in five locations: Stockholm, Göteborg, Malmö, Norrköping and Umeå

We create sustainable housing and neighbourhoods where people want to live and work. Our work is guided by a holistic view where business is conducted in a way that promotes sustainable social development. We get committed in the places where we operate promoting gender equality and integration by supporting girls' and women's football, among other things.

Since September 2021, Magnolia Bostad has been controlled by HAM Nordic AB and its owner F. Holmström Fastigheter AB, and funds and units that are managed and advised by Areim AB.

The Segelflygaren project in Örebro.



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Target and strategy

Vision

We want to be the Nordic region's leading urban developer and most colourful landlord.

Business concept

To develop and manage attractive and sustainable living environments.

Strategy

We achieve our goals by developing whole communities, residential units, community service properties and hotels. The development of housing is both for self-management and selling.

We work for long-term sustainable urban development and choose locations with good long-term demographic conditions.

Production only starts when there is a guaranteed demand

Business target

- At least 6 000 residential units in self-management, own ownership and ownership in JV.
- December 2022: 384 residential units.

Financial target

- At least 30 % equity/assets ratio.
- December 2022: 32.5%.

Sustainability targets

For sustainability notes see pages 114–125.

The project Brogårdstaden in Upplands-Bro.



Business model

As urban developers, we focus on people and start from a life cycle perspective where environmental factors and security play a major role.

Projects are developed for self-management or sale. When projects for self-management are completed, these residential units contribute long-term value growth and an ongoing cash flow for the company. Projects developed for sale are usually sold at an early stage, generally before building permits have come into force and before production has started. Buyers are usually financially strong institutions or property companies.

How we create value

Safe land acquisitions

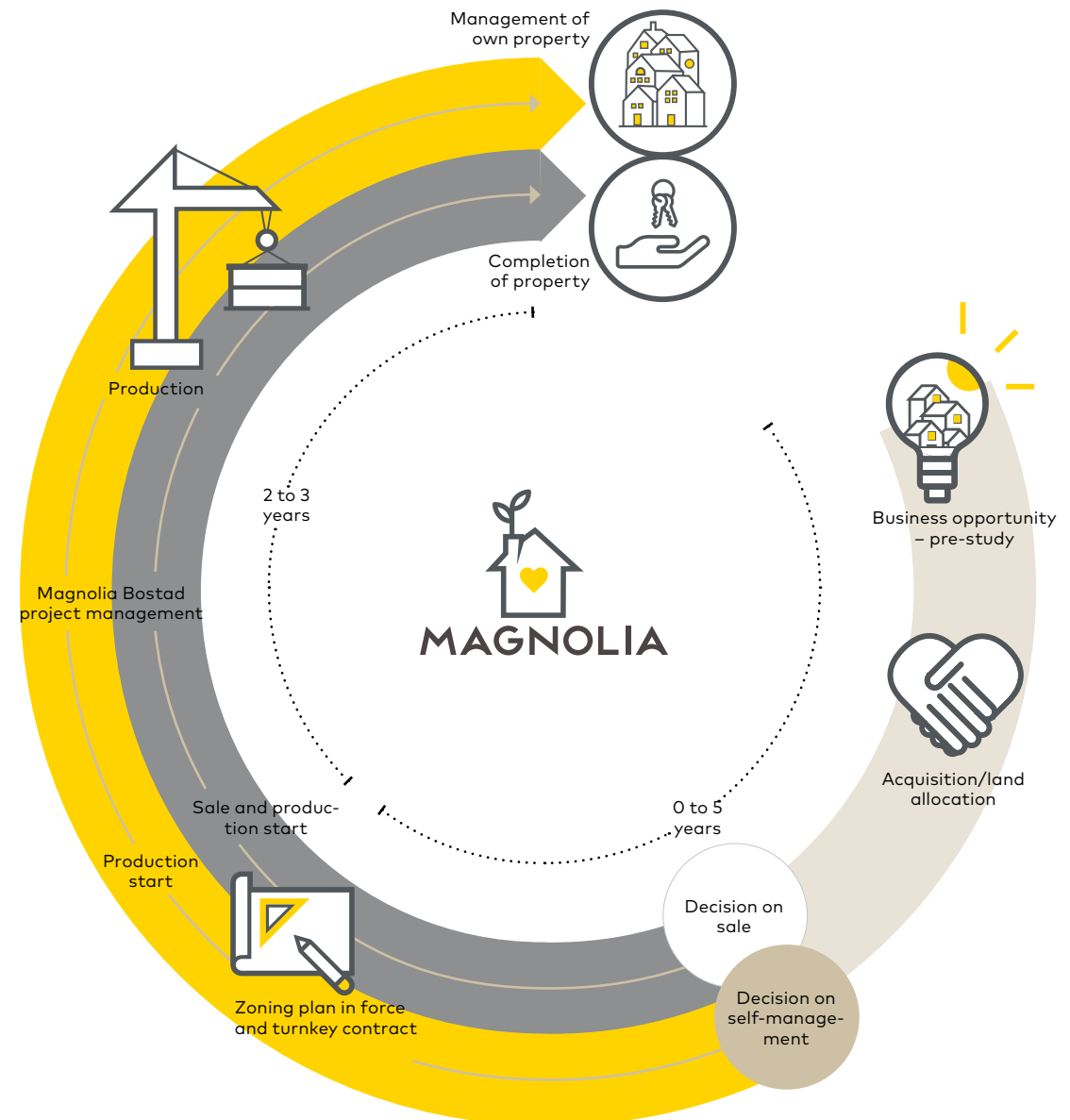
We continuously monitor the market for new business opportunities. Once attractive land has been identified, we carry out feasibility studies such as market analyses and revenue and cost estimates. We usually acquire land based on a residential rental calculation and careful preparatory work where major consideration is given to sustainability aspects

Project development

After the acquisition is completed, we develop the project from the idea, through zoning plans and concept development, until final completion. Construction is procured in the form of turnkey contracts at a fixed price, which limits the risk of cost increases at the construction stage.

Own architects

With our own architects, we can highlight softer values that cannot be measured in figures. The focus



is on creating good, safe living environments and choosing materials and building systems with a view to sustainability. Our internal architects work on both developing their own projects and collaborating with external architectfirms and our business and project developers, see page 58.

Parallel development

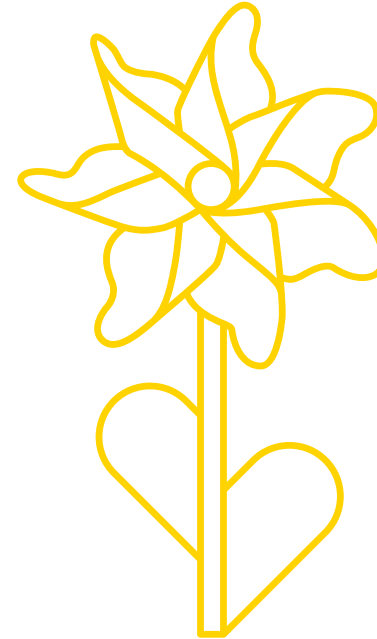
Work begins on developing attractive, sustainable communities and residencies in parallel with the land acquisition process. Project developers, architects and contractors are all involved early in the process, which gives us the conditions to develop sustainable, safe areas with cost-effective solutions for both construction and management. We are also in contact with buyers early in the process

Life cycle perspective for sustainability

We start from a life cycle perspective when we develop housing and we strive to achieve or exceed the requirements for environmental certification according to the Swedish Green Building Council's silver certificate, the Nordic Swan Ecolabel or an equivalent. Magnolia Bostad's life cycle perspective means that we take responsibility throughout, from the time a new neighbourhood or residential area is planned, until the land can be used for other things by future generations. The financing of the development of the housing follows the path through the life cycle. We work with sustainable financing consisting of, for example, green bonds and green building credits, see [page 14](#).

Climate neutrality

We work on reducing our climate impact through



material selection, energy and recycling. We measure our climate footprint according to the Greenhouse gas protocol (GHG) and in 2022 the Science Based Targets Initiative (SBTi) approved the company's climate targets as scientifically based and contributing to slowing climate change in line with the Paris Agreement.

Safety in the societies we develop

To make areas we develop safe, we collaborate with BoTryggt2030, a body for urban planning. Through measures in the physical environment, help to prevent crime and increase security. We also promote safety by supporting girls' and women's football, read how on, see [page 23](#).

Employees

All employees sign Magnolia Bostad's Code of Conduct, which governs the company's business ethics, health and safety, human rights and working conditions.

Value Magnolia Bostad delivers to its stakeholders

Communities and municipalities

Sustainable residential areas and neighbourhoods developed with care for design, well-being and safety.

Tenants and customers

Functional, space-efficient, attractive housing for the tenant, and easy-to-manage housing for the property owner.

Partners and suppliers

Partners with expertise who follow the projects from feasibility study to completion.

Employees

An attractive employer caring about the health and safety of its employees. An equal workplace that nurtures skills development and career planning.

Owners and financiers

Sustainable returns and value growth.

We are proud, hungry and long-term

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Magnolia Bostad's values sum up our culture and our driving forces and act as a compass in everyday life. They serve as a guidance in meetings with our customers, partners, suppliers and the outside world in general. We can be recognized through our yellow colours that illuminates the places where we manage and develop tomorrow's housing.

Magnolia friend

When you start as a new employee at Magnolia Bostad, you are assigned a magnolia friend. This friend helps with things both big and small, welcomes you, shows you around and is available to answer any of your questions.

"Thanks to my magnolia friend, I never had to think about where to turn for various questions. I felt welcome and got off to a good start. It didn't take long before I was inside the magnolia culture," says Fredrik Wessner, who was hired in 2022 and received Jonathan Strömbäck as his magnolia friend.



Magnolia Labs

In 2022, we established our new training concept Magnolia Labs. Three lectures were held for everyone in the company about diversity and inclusion as well as environmental certifications.



Jonathan Strömbäck and Fredrik Wessner.

Our values



Proud

We are proud to be one of Sweden's leading urban developers. For us, building housing is not enough. We also want to be an active and committed force in the places where we operate.



Hungry

We are innovative and inquisitive, proud but never satisfied. Our driving force is to constantly improve and develop what we have to offer.



Long-term

Together with our partners and municipalities, we develop sustainable housing and safe neighbourhoods where people want to live and work for generations.

Sustainable urban development

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Sustainability in development, production and financing

Magnolia Bostad starts from a life cycle perspective when developing new communities and housing. When we plan a residential area, we plan so that the land we build on can be used by future generations.

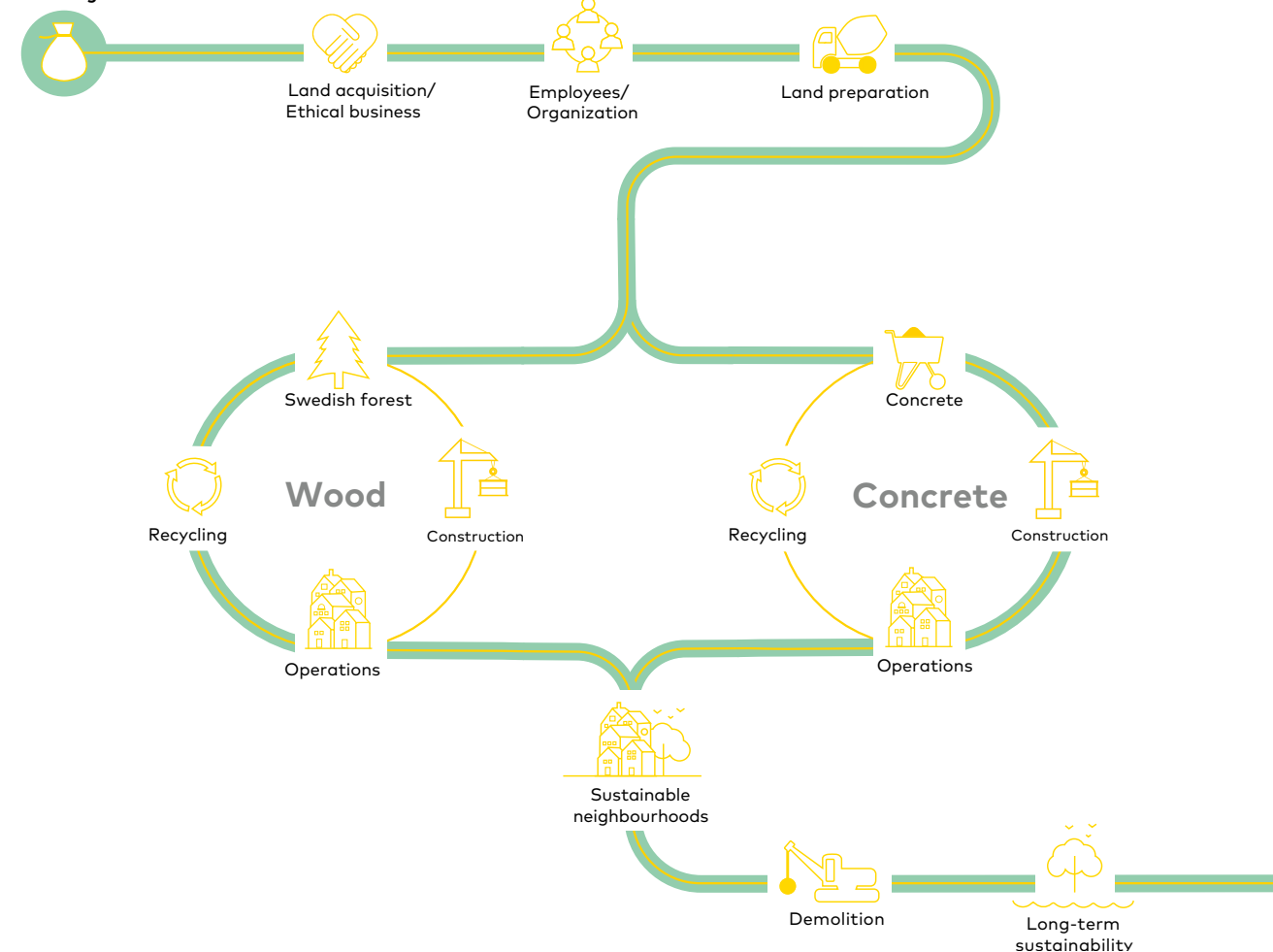
We build environmentally certified housing and safe neighbourhoods that suit a wide range of people. Construction accounts for a very large part of a building's total climate impact seen over the entire building's life cycle. Through the choice of materials and circular and energy-efficient solutions, we work to minimize our environmental and climate impact in production and management.

For the future operation of the properties, we plan for renewable energy and for those who live in the housing to be able to choose to make sustainable choices in their everyday lives. For example, we work with charging points for electric cars and smart control systems for sharing household electricity and heat.

The fact that we develop and build sustainably also enables sustainable financing. Currently, all of our outstanding bonds are green and we received our first green construction loan during the year. Our ambition is that all our financing in future should be green or otherwise sustainable based on environmental and social aspects.

The Magnolia Bostad way, a life cycle perspective

Financing



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Our 5-point programme for sustainable construction

We launched a program for sustainable construction in Almedalen in 2022. This programme summarizes how Magnolia Bostad contributes to the sustainable production and management of properties.

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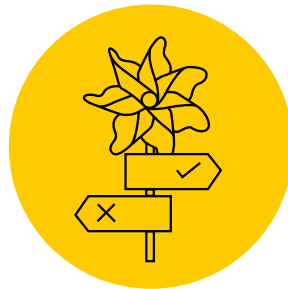
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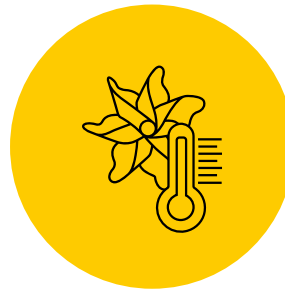


1 We make conscious choices about materials, energy and design.

It should be easy for our customers to live sustainably. Our aim is to minimize the buildings' climate impact through energy-efficient technology, sustainable material choices and circular solutions.

We develop our projects for certification according to the Swedish Green Building's Silver Certification, the Nordic Swan Ecolabel or the equivalent..

Example: the Näsängen project in Åkersberga, see [page 16](#).

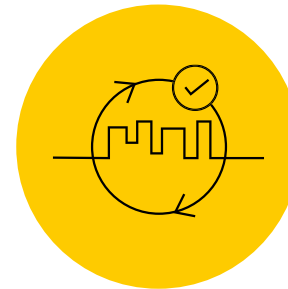


2 We measure and monitor our climate work according to the GHG standard.

We are affiliated with the Science Based Targets Initiative (SBTi), which means that our climate target is scientifically based and in line with the Paris Agreement.

In order to become climate neutral by 2030, we collaborate in the industry through HS30 (Sustainable Stockholm 30), LFM30 (Local Roadmap Malmö) and ÖBKN (Östergötland Builds Climate Neutral).

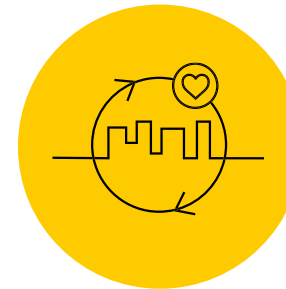
GHG: Green House Gas Protocol



3 We are increasing the proportion of recycling and circular solutions.

Reuse of materials can, for example, be recycled bricks and construction waste. Circular solutions can be about heating systems that enable the recycling of heating/cooling to reduce the total energy consumption.

Example: the Norrskan project in Östersund, see [pages 55–56](#).

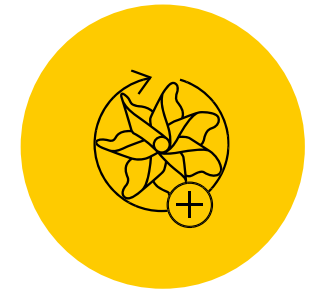


4 We work with several sustainability factors in parallel.

In addition to climate, environment, business ethics and economy, social factors such as safety are also important elements in the neighbourhoods we develop.

BoTryggt2030 is the basis for the work with architecture and project development. By supporting team sports, we contribute to increased diversity and inclusion.

Our business ethical responsibility is about having control over our operations and value chain.



5 We rearrange as much as we can

When it comes to one of the greatest challenges of our time, climate change, as urban developers we have a responsibility and an important role in the transition to a sustainable future.

We are part of the energy transition in the property industry where the strategy is to increase the share of renewable energy, energy-efficient solutions and energy storage. Our essential sustainability issues are linked to the UN's global sustainability goals.

The Näsängen project in Åkersberga – an exciting example of sustainable construction

At Täljöviken beach just southwest of central Åkersberga, Magnolia Bostad is developing the Näsängen district in a JV with Heimstaden Bostad. As well as being close to water, there is access to valuable natural areas and a cultural landscape with a long history.

The district, with space for around 4,000 new residents, is being developed to become ecologically, socially and economically sustainable. This is a project with high sustainability requirements and a focus on energy-saving solutions. The zoning plan for Näsängen includes a sustainability programme that is partly the basis for the development of the area. The project is part of Åkersberga's development from a suburb to an archipelago city with the vision of creating an attractive and sustainable small-town environment by the water. The ambition is to develop a sustainable urban district built partly of wood, a material that stores carbon dioxide and is easy to reuse, with a focus on social spaces for various needs and a green structure for ecosystem services.

The EU's taxonomy will form a green thread through the work, and the project is planned to be certified according to the Swedish Green Building's Silver Certification, the Nordic Swan Ecolabel or an equivalent certification. It is both about minimizing the negative environmental impact and about contributing to positive development.

Näsängen is planned to facilitate a sustainable lifestyle for the residents. This is accomplished, through other measures, energy-efficient buildings, well-thought-out architecture, energy-efficient technology and an awareness of energy consumption. Efficient and attractive transport must be prior-



The Näsängen project in Åkersberga with around 1,700 residential units. Representation.

itized in the district where pedestrians, cyclists and public transport are in focus, but where there are also greater opportunities for parking spaces with charging infrastructure for electric cars.

Safety is one of the most essential parts of Näsängen's sustainability scheme. It's about creating a neighbourhood where everyone can move around at any time of the day without fear. By following BoT-ryggt2030's handbook for planning safe and secure living environments, we are creating the conditions for inclusion, security, equality, accessibility, health and well-being.



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Our responsibility as a sustainable urban developer

Magnolia Bostad's aim is to be at the forefront of sustainable urban development, to be involved in driving the industry towards climate neutrality and to be an attractive employer.

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Responsibility for the climate

The construction industry accounts for about 20 % of Sweden's total emissions. We have a great responsibility to try to minimize this impact, [page 18](#).



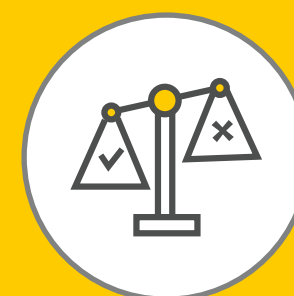
Environmental responsibility

We want to create an attractive and sustainable environment, both indoors and outdoors. Our environmental responsibility is about how we manage our impact on the environment, nature and ecosystems in a sustainable way, [page 20](#).



Social responsibility

Social responsibility permeates everything, from projects to manage the safety of our residents to how we treat our employees and actively engage in collaborative initiatives, [page 22](#).



Ethical business responsibility

In civil engineering, business ethics are important to employees, management and the board, but also to partners and suppliers throughout the value chain, [page 25](#).



Financial responsibility

För oss innebär vårt ekonomiska ansvar att arbeta för en hållbar lönsam tillväxt och möjliggöra allokering av kapital till hållbara fastigheter, [page 27](#).

Responsibility for the climate

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In relation to one of the greatest challenges of our time, climate change, we have a responsibility and an important role to play in the transition to a sustainable future.

We work actively and from a long-term perspective to contribute to a climate-neutral construction and property sector. We do this aligned with our strategic objectives and global sustainability goals. The aim is to enable our customers to make conscious climate-smart choices by selecting our homes and properties.

We want to secure the long-term future of our business and contribute to the sustainable development of society as a whole. Through our business model and LCA (Life Cycle Assessment), we work effectively to integrate responsibility for the climate into our processes to achieve quality results.

Climate responsibility in brief, 2022	
Climate footprint ¹⁾	2,995,600 CO ₂ e
Climate target	Applied for a science-based climate target under the Science Based Target initiative (SBTi)
Share of economic activities partially aligned with EU taxonomy ²⁾ :	
Income	96%
Investments	94%
Costs	100%

¹⁾ According to Greenhouse Gas Protocol (GHG), total scope 1, 2 & 3. See Climate footprint on page 122.

²⁾ Data collected by Magnolia Bostad and calculations performed by Cicero. For more information, see the Magnolia Bostad homepage.

Selected events in 2022

- Joined SBTi (Science Based Target Initiative) to work towards climate neutrality. This is a confirmation that the company's climate goals are scientifically based and contribute to slowing down climate change in line with the Paris Agreement ¹⁾.
- Reduced our climate footprint by 43% for scope 1 and 2, in line with the company's Science Based Targets.
- Participated in HS30's working group for climate calculations and climate targets to contribute to the industry's work with Agenda 2030 and transition to climate neutrality in 2030.
- Developed a strategy for our climate targets in 2030 and began to calculate the climate impact of projects.
- Joined the ÖBKN initiative (Östergötland Builds Climate Neutral)
- Started training for employees in the 5-point program for sustainable construction.

Examples of what we will work with in 2023

- Further developing our climate roadmap towards climate neutrality based on materials, energy, design and reuse.
- Working further to incorporate climate-related risks in line with the Taskforce on Climate-related Financial Disclosure's (TCFD) recommendations.
- Gathering knowledge through our participation in the innovative pilot project for climate calculations and climate declarations and continue to participate actively in HS30, LFM30 and ÖBKN.

¹⁾ The SBTi target option for SMEs with fewer than 500 employees involves setting the science-based target for scope 1 and 2 emissions through predefined target options. For scope 3, companies are required to commit to measuring and reducing their emissions.

Agenda 2030

In terms of the climate, we primarily work on:



Goal 11
Sustainable cities, targets 11.1, 11.3 and 11.6. For example, by enabling recycling and creating smart mobility solutions.



Goal 13
Combat climate change, targets 13.1 and 13.3. For example, by assessing climate risks and reducing climate impacts.

The Paris Agreement
The Paris Agreement's climate target is to limit global warming to 1.5 degrees Celsius. The property sector accounts for 20% of Sweden's greenhouse gas emissions. Globally, the property sector accounts for 40% of the world's greenhouse gas emissions. New construction and renovation account for 60% of emissions.

Magnolia Bostad is dedicated to working on the climate issue to support the Paris Agreement. Through climate adaptation, climate mitigation and climate action, we are striving to become resilient to climate change.

Read more about our work on the UN Global sustainability goals on **pages 117–118**.

"Transparency and sharing knowledge are important to speed up climate work"

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We interviewed Andreas Holmgren, sustainability manager at Treano Bygg and the initiator and chairman of LFM30. He is also group leader of the Design, process and climate calculation section at LFM30.

What is LFM30?

"LFM30 is a local initiative and Malmö's local roadmap for a climate-neutral construction industry and property management sector by 2030. This means net zero CO2 emissions. As half of the members are nationwide companies, the LFM30 methodology is used throughout Sweden."

How does LFM30 contribute to the transition to a climate-neutral construction and property industry?

"There's a huge need in the industry to bring the entire value chain together and jointly set targets, measures and implement projects to reduce emissions. In addition, there is significant potential for profitable investments when we plan for the long-term and build and renovate sustainably."

"LFM30 supports its roughly 200 members with skills development for the climate-positive construction and management of properties and facilities. Together, we develop recommended criteria (for example in procurement), methods for climate calculation that we test in projects and identify measures to achieve the industry's climate targets. We also work towards green financing solutions aimed at stimulating investments with a lower climate impact."

Broadly speaking, what does LFM30's climate roadmap look like to achieve climate neutrality by 2030?

"Our members have the main responsibility to achieve their climate pledge to LFM30, which consists of the following sub-strategies:

- Business models, incentives and cooperation
- Circular economy and resource efficiency
- Design, process and climate calculation
- Climate-neutral building materials
- Management, operation and maintenance
- Climate-neutral construction site and transport.

To succeed, everybody must contribute to the roadmap. The members must annually measure and report on their progress towards our common targets. Being transparent and sharing information is an important part of spreading knowledge and quickly speeding up our work on the climate."

What are the biggest challenges for the industry in achieving the 2030 climate targets?

"The major challenges are the price increases in society. However, there are great opportunities to make significant reductions in CO2 emissions without negative effects on costs. LFM30 can play a decisive role here in jointly identifying these opportunities for climate improvements in the industry. Climate compensation (reimbursement of negative emissions) is necessary to reach the target limit value for climate neutrality."



Andreas Holmgren, sustainability manager at Treano Bygg and the initiator and chairman of LFM30.

Environmental responsibility

- Sustainability in development, production and financing →
- Our 5-point programme for sustainable construction →
- Our responsibility as a sustainable urban developer →
 - Responsibility for the climate →
 - Environmental responsibility
 - Social responsibility →
 - Ethical business responsibility →
 - Financial responsibility →
- Double materiality →

Our environmental responsibility is about how we manage our impact on the environment, nature and ecosystems in a sustainable way. How we reduce our negative impact and increase our positive impact in our operations and business.

We want to create an attractive and sustainable environment indoors and outdoors. For us, this means taking environmental responsibility all the way, from planning to production and management or handover. This is important for us and our customers, but also for society in general, which is why we work to consider climate impacts and externalities (other effects on the environment).

In our life cycle assessment, we analyse everything from water impacts to how we can reduce pollution and climate impacts. We do this to enable informed choices. For example, by building with wood, we achieve a relatively low carbon footprint with a material that also stores carbon dioxide.

Environmental responsibility in brief, 2022	
Environmental certification according to the Swedish Green Building Council's silver certification or Nordic Swan Ecolabel, or equivalent. Planned or completed certifications for completed projects	Number of residences 901 Proportion 100 %
Green financing	100 % green bonds
Environmental audits	9

We are members of the SGBC (Sweden Green Building Council) and in all our projects we plan for environmental certification according to the minimum criteria of the Swedish Green Building Council's silver certification or Nordic Swan Ecolabel, or equivalent. Environmental audits are carried out on our projects in both the design and production phases.

Selected events 2022

- 100% of all completed residential units in 2022 were environmentally certified or have an environmental certification in progress.
- Carried out environmental audits through an external environmental auditor for projects in the design phase and production phase.
- Worked further with our sustainable financing and green bonds.
- Included innovative solutions to promote sustainable nature and biodiversity through, among other things, meadow flowers and rain gardens.
- Trained employees at Magnolia Bostad in environmental certifications.

Examples of what we will be working on in 2023

- Evaluating sustainability certifications and working to ensure that all projects achieve at minimum the Swedish Green Building's Silver Certification, the Nordic Swan Ecolabel or equivalent certification.
- Working with increased analysis and management of environmental issues, ecosystems and biodiversity.
- Working with energy efficiency and increasing the share of renewable energy in our projects.

Agenda 2030

In terms of the environment, we primarily work on:



Goal 7
Affordable and clean energy, targets 7.2 and 7.3. For example, by enabling the use of renewable energy and energy from renewable sources.



Goal 15
Protect biodiversity and natural habitats, target 15.5. For example, by engaging specialists, municipalities and interest groups on how to protect nearby habitats.

Read more about our work on the UN Global sustainability goals on pages **117–118**.

"The construction and property industry can promote the ecosystem best by imitating nature"

We spoke to Karin Morell about the environmental aspects of new production and property management, as well as the best way to promote a functioning ecosystem. Karin works as a project manager focusing on biodiversity and belongs to the Bioeconomy and Health division at the RISE Research Institutes of Sweden.

What does sustainable urban development mean from an ecological perspective?

"Promoting biodiversity and ecosystem services through careful planning and management. It also means taking resource use into account and, for example, reducing the city's climate impact through climate-smart mobility solutions. However, it is important to think holistically and to take the entire value chain into account and not just what can be seen or touched in an urban environment."

What does a functioning ecosystem mean and how can the construction and property industry promote it best?

"Biodiversity can be considered an important component for functioning ecosystems. Ecosystems with a high diversity are often resilient and recover quickly from disturbances, for example through adapting better to a warmer climate. The construction and property industry can promote ecosystems best by avoiding exploitation in or adjacent to valuable natural areas and planning in a way that allows trees, wetlands and other ecological structures to be preserved."

Which laws/rules for less environmental impact govern development within ecosystems and biodiversity?

"Nationally, it's the Swedish Environmental Code and the Planning and Building Act prevail. Then there are

a number of international frameworks such as the recently established global framework for biological diversity (Montreal-Kunming) and the EU's taxonomy, which will probably set the tone for development. There are also voluntary initiatives being developed that will support organizations in setting their own goals in line with science and policies, for example the Science Based Targets for Nature."

Which environmental aspects are important for the property industry to consider?

"In new production, you should, following the damage mitigation hierarchy, first avoid and secondarily minimize damage to natural values. These are the most important steps to follow to promote biodiversity in the planning process. Thirdly and fourthly, values should be recreated and compensated. It's important to have ecological expertise here with you from an early stage.

With property management, it's important to apply a holistic approach when planning investments. If wild pollinators such as bees and butterflies are to benefit, they need, for example, pollen and nectar from early spring to late autumn, sandy patches, dead wood, host plants or other habitats. Furthermore, building contractors need to know how to manage different biotopes so that they can be maintained. Regarding the planting of trees and flowers, regionally or locally adapted species must be used, so as not to threaten genetic diversity. Many meadow seed mixtures contain a mixture from different corners of Sweden, or even exotic species – at this stage it is important to buy from the right suppliers or collect seeds yourself (or with interested tenants!) in the local area."



Karin Morell works as a project manager focusing on biodiversity at the RISE Research Institutes of Sweden.

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Social responsibility

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Magnolia Bostad wants to be a committed force in the places where we operate. We want to be at the forefront of sustainable social development and be an attractive employer. For us, social responsibility is about putting people first.

It's about creating greater inclusivity, safety, equality, accessibility, health and well-being for customers, partners and employees. We are proud of our social commitment to the community, which improves how we work with social sustainability in our projects and beyond.

Read about our collaboration initiatives on **next page**.

Social responsibility in brief, 2022	
Football	We support around 30 girls' and women's football clubs around the country
Cooperation initiatives	8 initiatives
Employees	46% women and 54% men

- Selected events in 2022**
- Supported around 30 football clubs for girls' and women's football. In this way, we contribute to being an active force in the places where we develop housing.
 - Took further steps in social commitment through a partnership with Mitt Liv to contribute to a more open and inclusive labour market.
 - Utbildade genom Mitt Liv alla medarbetare i Trained all employees in diversity and inclusion through Mitt Liv.

- Examples of what we will be working on in 2023**
- Further developing our social screening and increasing integration of social issues throughout our process from project inception to completion and management.
 - Creating a social toolbox to use in project development in addition to BoTrygg's checklist.
 - Developing our collaboration initiatives further and increasing active commitment and participation among employees.

Agenda 2030

In terms of social responsibility, we primarily work on:



Goal 5
Equality, targets 5.1 and 5.5. For example, by promoting girls' and women's participation and involvement in football and club life in the places where we operate.



Goal 10
Reduced inequalities, target 10.3. For example, by ensuring equal opportunities and reducing the incidence of unequal outcomes through pay mapping and employee surveys.

Read more about our work on the UN Global sustainability goals on **pages 117–118**.

Our eight cooperation initiatives in social sustainability 2022

- Sustainability in development, production and financing →
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We actively work on diversity, equality, inclusion, safety and health by participating in various cooperation initiatives. For us, social responsibility is about how we are committed to the sustainable development of society.

Fotbollbarhet (Sustainability through football)
 We support around 30 girls' and women's football clubs in Sweden, including a summer football school to increase integration and help with homework to help players stay in their sport. In addition, we train female football leaders to inspire and create role models. To enable more people to play football, we have created a social fund. In our annual Sustainability through Football report, we describe how we make a difference in the places we operate in.

Ownershift
 We are partners with Ownershift to enable research and progress in female ownership.

BoTryggt2030
 We are working with BoTryggt2030, which is an important part of our project process, helping us to integrate security and build crime away. Through BoTryggt's checklists and handbook, we can implement these principles in the planning phase and influence the design of homes and communities.

Mitt Liv
 We are a partner of Mitt Liv, which aims to actively contribute to a more open and inclusive labour market. Magnolia Bostad employees are given the opportunity to become mentors in Mitt Livs Chans – Sweden's largest mentoring programme for graduates with a foreign background who lack jobs corresponding to their skills.

Min Stora Dag
 We are involved in Min Stora Dag to support the foundation in granting wishes and creating important breaks for children and young people with serious illnesses and diagnoses.

Her House
 We work with the Her House Foundation, which supports, promotes and improves the health of women and children through housing and community outreach.

Äldrekontakt
 Through Äldrekontakt (Age Contact)'s volunteers, lonely elderly people can meet people to make their lives more meaningful.

Spring För Livet
 Employees take part in Spring för livet (Run For Life), the property industry's big fun run, where everyone's a winner, as well as, of course, the UNICEF project in Malawi - where all proceeds from the race go.



"Creating integration is more than just throwing a ball"

Can football change society? At Magnolia Bostad we absolutely think so. As committed sponsors of girls' and women's soccer teams around Sweden, we have seen with our own eyes how football can become a tool for democracy, equality and integration. To further understand the role of sport in society and broaden our perspective, we contacted David Ekholm, who researches in social work and welfare.

The footballer who became a researcher

For David Ekholm, club life was an important part of growing up. He started playing football in Linköping as a 6-year-old, for Vikingstad SK and later for Malmslätts AIK. He has also had various leadership and coaching assignments and has seen the social importance of sport. He brings his interest in sports with him to his role as a researcher.

"In my research, I study how sport is used as a way to deal with social problems and bring about change. It is becoming increasingly common to use sport as a social tool, both internationally and in Sweden. It often takes place in collaboration between municipalities, sports associations and other stakeholders in society."

Sport as a tool against exclusion

Even if investments in associations do a lot of good, it is not entirely unproblematic to see sport as a solution to social problems, says David. In his research, he has turned the question on its head.

"Sport in itself may not lead to integration. However, associations can open the door to meetings between people from different backgrounds and social groups. But if it is to lead to integration, these meetings must have a spirit of equality and reciprocity."

Football on equal terms

As a basis for his research, David has, among other things, studied the growing phenomenon of midnight football, where children and young people from socially disadvantaged areas get the opportunity to meet on weekends and play football together. In David's research there are examples of meetings between children and young people from different social groups. Then the meetings that take place in sports can have different meanings than otherwise intended.

"In such encounters, inequality becomes apparent. Some parents drive around in big cars, the players have adverts on their shirts and the results of matches are uneven. Therefore, it is about more than just throwing out a ball and thinking that the integration issue has been solved. In order to succeed in creating genuine integration, it is necessary for meetings to take place on equal terms. It may also be about finding ways to tone down the competitive element and instead focus on collaboration," thinks David.

Activities should be guided by the participants

Research clearly shows that it is more difficult to get girls with a foreign background to take part in associations. On the occasions when David has watched midnight football in person, many girls have been there to watch, but very few have taken part on the field themselves.

"Boys' participation often becomes the norm in sports and their activities are shaped in relation to it. That's why it's important to listen to the girls' wishes and let the activities be guided by those you want to participate," says David



David Ekholm is a university lecturer and associate professor at Linköping University as well as editor and co-author of the book "The power of sport? The problems of young people's living conditions and inequality in a segregated city".

Ethical business responsibility

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For us, business ethics is about clear accountability, having control over our operations and value chain, having procedures in place for how we work on business ethics and how we deal with deviations from our guidelines and processes. Business ethics are important to our employees, management and the board, but also to partners and suppliers throughout the value chain.

The Board sets the company's sustainability direction with input from the management team and the Head of Sustainability and determines policies for the company's operations. The CEO and the management team decide on guidelines and various activities linked to the adopted sustainability policy. The Head of Sustainability works strategically on sustainability in governance, the business plan, integration in operations and business, risk management, targets and reporting. The Green Bond Committee (which includes the CFO, Head of Legal and Head of Sustainability) decides on issues related to sustainable financing. Legal ensures good order and procedures related to business ethics. To manage whistleblowing cases, the company has set up an Ethics Council which includes

Business ethics in brief, 2022	
Codes of Conduct	100% signed and witnessed by employees, partners, and sponsorship recipients.
Codes of Conduct	Updated 2021
Cases of corruption	None

the Deputy CEO and CFO and Head of Legal. The company's Health and Safety Committee oversees the company's health and safety issues, chaired by the general counsel and including the HR manager, safety representative and employee representative.

Governing documents:

- Codes of conduct for employees, partners and sponsorship.
- Sustainability policy
- Anti-harassment guidelines
- Guidelines against discriminatory treatment
- Checklist against harassment and discriminatory treatment
- Contracts and agreements

Selected event in 2022

- Developed a Sustainability Policy
- Achieved 100% signed Codes of Conduct in agreements with employees, partners and sponsorship recipients.
- Updated our whistleblowing system according to new legal requirements.
- Formed an internal sustainability and innovation forum for further development of sustainable solutions and proptech.
- Carried out environmental audits on 9 projects.
- Organized a lecture for all employees about sexual harassment.

Examples of what we will be working on in 2023

- Continuing to work with zero tolerance of abusive discrimination.
- Training all employees in anti-corruption.

Agenda 2030

In terms of business ethics, we primarily work on:

Goal 8

Decent work and economic growth, targets 8.1 and 8.8. For example, through codes of conduct as well as the Ethics Council, the Safety Committee and employee forums.

Goal 16

Peace, justice and strong institutions, target 16.5. For example, by preventing corruption and bribery and having a whistleblowing function.

Read more about our work on the UN Global sustainability goals on **pages 117–118**.

"My catchwords are transparency, clarity and order"

Hanna Jessing is general counsel at Magnolia Bostad and has an important role in the company's work on sustainability, in everything from the requirements set for financing to the regulation of sustainability in agreements with partners. Here, Hanna answers questions relating to the business ethics area.

How significant is the word business ethics?

"For me, business ethics are ethical and moral principles that guide a company's actions. In other words, how we should think and how we should behave. Corruption is devastating for society, and so together with our partners we want to work towards a climate of cooperation without corruption."

What issues do you see as the most important within business ethics?

"It is fundamental to have control over the business and the value chain. There must be clear guidelines and processes and also information on how deviations from these should be managed and how to avoid conflicts of interest."

How does the company work with guidelines and policies that govern its activities?

"Our policies and guidelines are available to all employees and are updated annually by the Board and CEO. We have a Code of Conduct that we go through with all new employees, who have to confirm the content and sign it. In addition, we have specific Codes of Conduct that form an integral part of the agreements we sign with our partners and sponsorship recipients."

What role do the UN's sustainability goals play in your work?

"The UN's sustainability goals serve as a starting point and guiding light. Goals 8 and 16 cover much of what we include in business ethics, see page 25. We are keen for Magnolia Bostad to be an inclusive workplace where everyone enjoys their job and where creativity thrives. This applies both during good market times and when the market is more difficult, as it was in 2022. In our development of new neighbourhoods and communities, we want to take responsibility for achieving attractive and sustainable living environments where everyone can enjoy life and be safe."

What can an individual who discovers that something is wrong at the company do?

"We want it to be easy to report misconduct if you feel that something is wrong. Our whistleblowing system was updated to meet new legal requirements in 2022. We have an ethics council to deal with any issues that may arise. We also have a safety representative and safety committee that employees can turn to. HR has drawn up instructions to enable the reporting of cases concerning abusive discrimination and harassment."

How do you see corporate governance developing in future?

"New rules are coming in all the time and we keep updated. Our stakeholders must be confident that we are the good partners they expect. My catchwords are transparency, clarity and order."

Hanna Jessing, General Counsel at Magnolia Bostad.



Financial responsibility

Financial responsibility is important to work for sustainable profitable growth and enable the allocation of capital for sustainable properties. It is also crucial in achieving the goals of Agenda 2030, the Paris Agreement and a sustainable transition.

Magnolia Bostad's financial responsibility means working for sustainable profitable growth and value for our owners. Magnolia Bostad does this, among other things, through a broad portfolio of housing types, which reduces the company's risk. We want to create neighbourhoods and meeting places that are developed in such a way that they contribute to the economic growth and well-being of the area. We work in close dialogue with the community and other stakeholders.

Through our green bonds, we increase transparency and facilitate the allocation of capital for sustainable properties. In the spring of 2022, Magnolia Bostad

issued its third green bond. All green bonds are designed in accordance with the Green Bond Principles guidelines. The framework has been reviewed by Cicero Shades of Green, which has given the framework a rating of Medium Green.

Magnolia Bostad has a Green Bond Committee consisting of the company's CFO, Head of Sustainability and Head of Legal. The Committee monitors to ensure that only eligible projects are financed from the green bond funds. In 2022, three Green Bond Committee meetings were held.



Selected events in 2022

- Issued new senior unsecured green bonds worth a nominal SEK 300 m within a framework of SEK 1,500 m and listed these on Nasdaq's list for sustainable bonds.
- Obtained our first green construction loan. This is in line with our aim that all our financing should be sustainable based on environmental and social aspects.
- Published our second annual follow-up report on invested funds from green bonds.

Examples of what we will be working on in 2023

- Continuing to work with green bonds.
- Evaluating different solutions for sustainable financing beyond green bonds.
- Continuing to work with diversity and inclusion.

SEK1,425 m **SEK 1,991 m**

Total volume of green bonds outstanding

Scope available for new green bonds under our green framework

SEK 3,416 m

Total volume of green pool, funds that are used and can be used for housing that meets the environmental criteria set in Magnolia Bostad's green framework.

Agenda 2030

For financial responsibility, we work with several of the Sustainable Development Goals, and in green bonds, the green framework focuses on:



Goal 11

The aim of this goal is to make cities safe, inclusive and sustainable. Through our green financing, we enable inclusive, safe communities and homes that are sustainable due to being resilient.



Goal 13

Combating climate change
The aim of this goal is to combat one of the greatest challenges of our time, climate change. Our Green Framework has criteria for action to combat climate change.

Read more about our work on the UN Global sustainability goals on **pages 117–118**.

"There's a positive relationship between financial return and sustainability"

Erik Feldt, partner in the consultancy firm Forever Sustainable Business, talks about sustainable financing and the importance of investments for a sustainable transition.

What does sustainable urban development mean from an economic perspective?

"Sustainable urban development may cost a little more in the short-term but will be more profitable in the long-term. This includes financial options to implement proposed construction projects, where social and housing developers can finance their projects on favourable terms regarding sustainability, price, interest rate risk and structure. Through, for example, green bonds and green building credits, make the allocation of capital to sustainable residential areas possible."

How can the financial sector influence the property industry in its transition to a sustainable future?

"The financial sector plays a key role as the transition to a sustainable future will require massive investment in the coming years. Investors will act both as specifiers for property companies seeking sustainable financing, and partly as enablers of the transition itself. The property industry is particularly interesting as it can also have a positive impact in terms of social sustainability in a way that not all industries can, for example by creating safer and more inclusive residential areas."

Do sustainable financing and investment solutions provide better returns?

"There is a lot of research in this area and the results are not clear cut. A large meta-study published

recently reviewed over 50 studies between 1984 and 2021 and concluded that there is a positive relationship between financial returns and sustainability. It's my opinion that sustainability yields better returns particularly over time."

How do new reporting directives such as CSRD (Corporate Sustainability Reporting Directive) and the EU taxonomy affect the transition to a sustainable property industry?

"Positively, I would say. Of course, the new requirements can feel onerous and sometimes difficult to comply with, but above all, the new directives make for better reporting, greater transparency and better comparability between different investments, which helps to channel the money towards the best options."

What does the development look like for climate risk analyses in the property industry?

"Climate change today affects our entire environment, and this change is happening quickly. A changing climate brings new challenges, not least for everyone who owns, develops or manages property. Climate risk analyses are in line with the EU taxonomy's environmental goals - limiting climate change and adapting to climate change. Banks and insurance companies have started calculating the risk of credit losses as a result of the potential risk to the market value of homes in risk areas. For companies, it is important to get to know their climate risks and to take climate adaptation measures where appropriate."



Erik Feldt is partner in the consultancy firm Forever Sustainable Business. Erik was previously at Nordea and has worked with sustainable investments since 2007.

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Double materiality →

Double materiality

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[Double materiality](#)

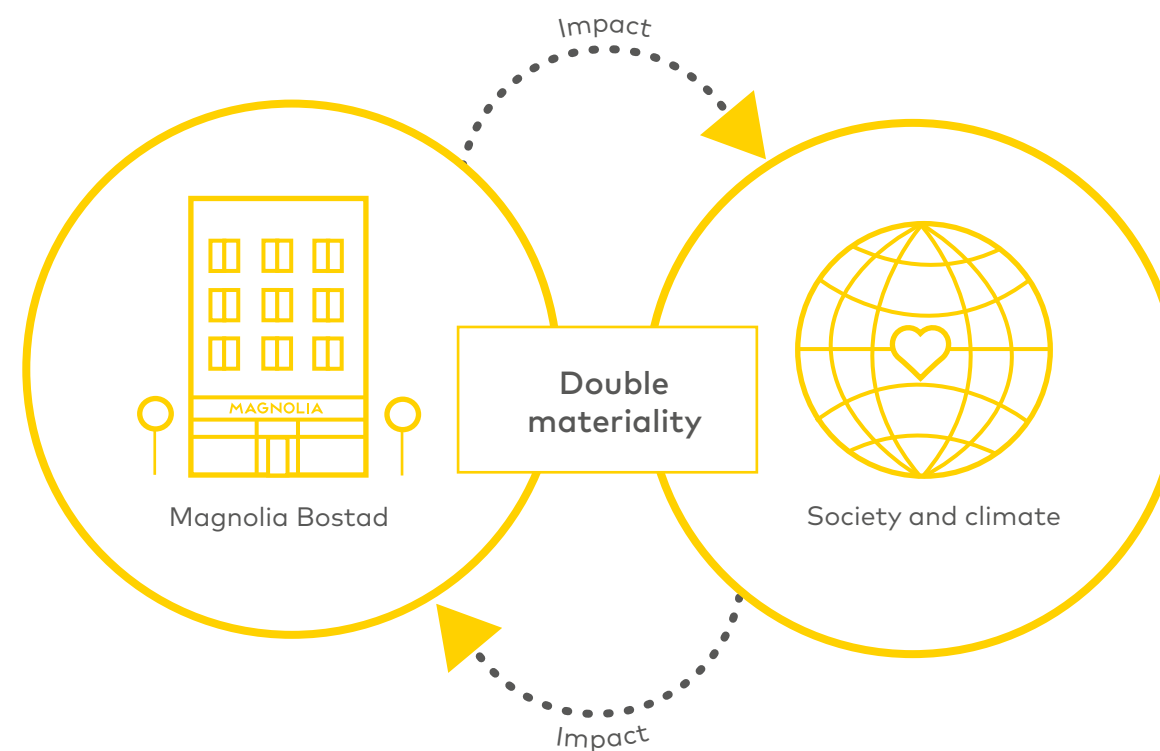
Magnolia Bostad is affected by the world around it, and we affect the world around us through our operations. Sustainability risks are therefore doubly material.

By analysing and managing material sustainability risks, we can equip ourselves to mitigate risks and promote opportunities.

We have identified both physical climate risks and transitional risks. Together with LCA (Life Cycle Assessment), we currently carry out climate risk analyses for projects, such as in locations close to the sea. We also intend to develop a climate risk program in agreement with TCFD (Taskforce on Climate-related Financial Disclosure) to identify financial impact.

Key sustainability risks: climate change, environmental risks, resource scarcity, corruption, improper workload and ill health, occupational health and safety risks for contractors' employees.

For a description of Magnolia Bostad's risks and risk management, see **pages 64-66**. For Magnolia Bostad's materiality analysis, see **page 116**.



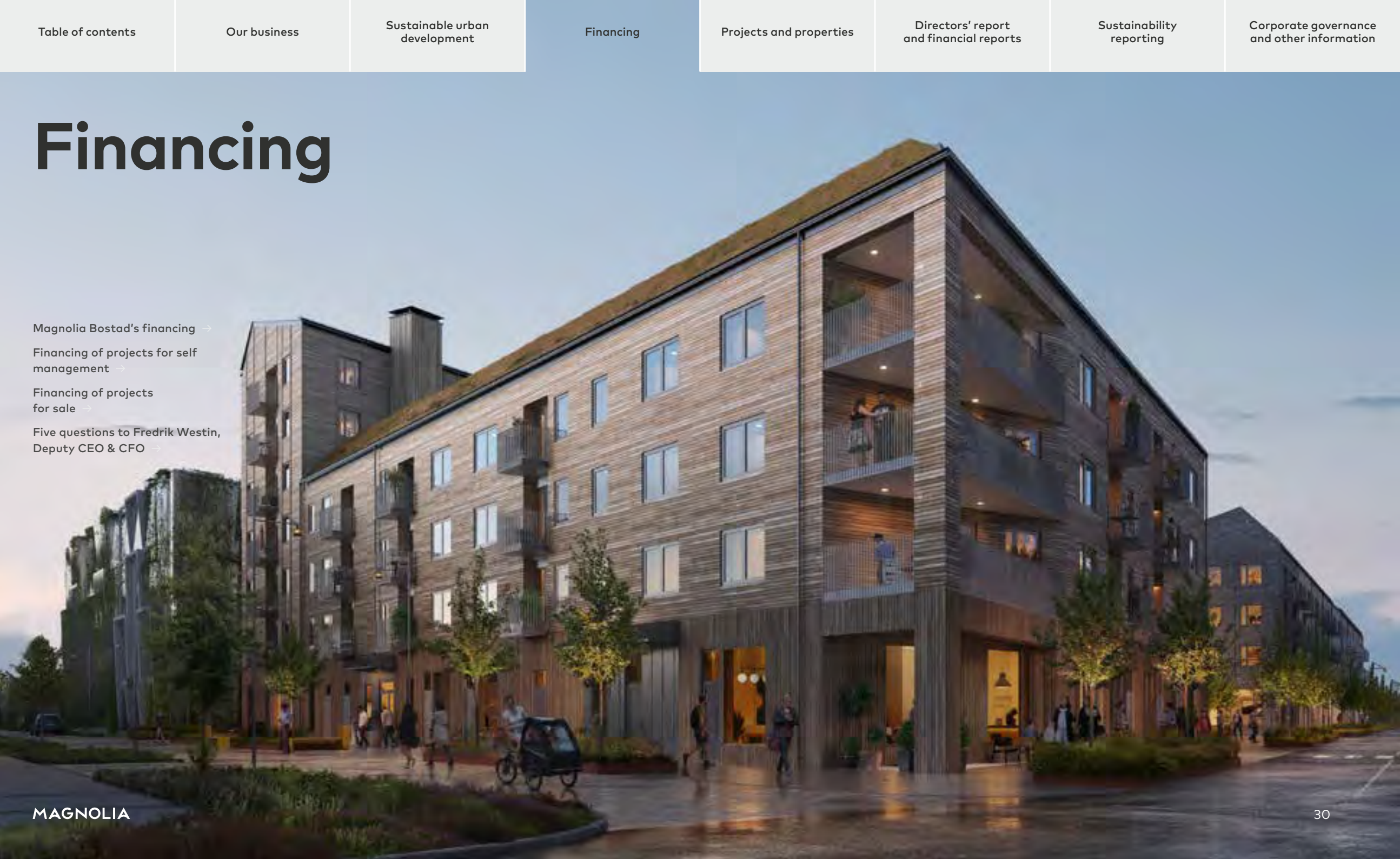
Financing

[Magnolia Bostad's financing →](#)

[Financing of projects for self
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[Financing of projects
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[Five questions to Fredrik Westin,
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Magnolia Bostad's financing

Magnolia Bostad's main focus in terms of financing is to provide the business with capital on favourable terms regarding price, interest rate risk and structure. Financing activities are conducted in accordance with the rules and guidelines established by the Board annually.

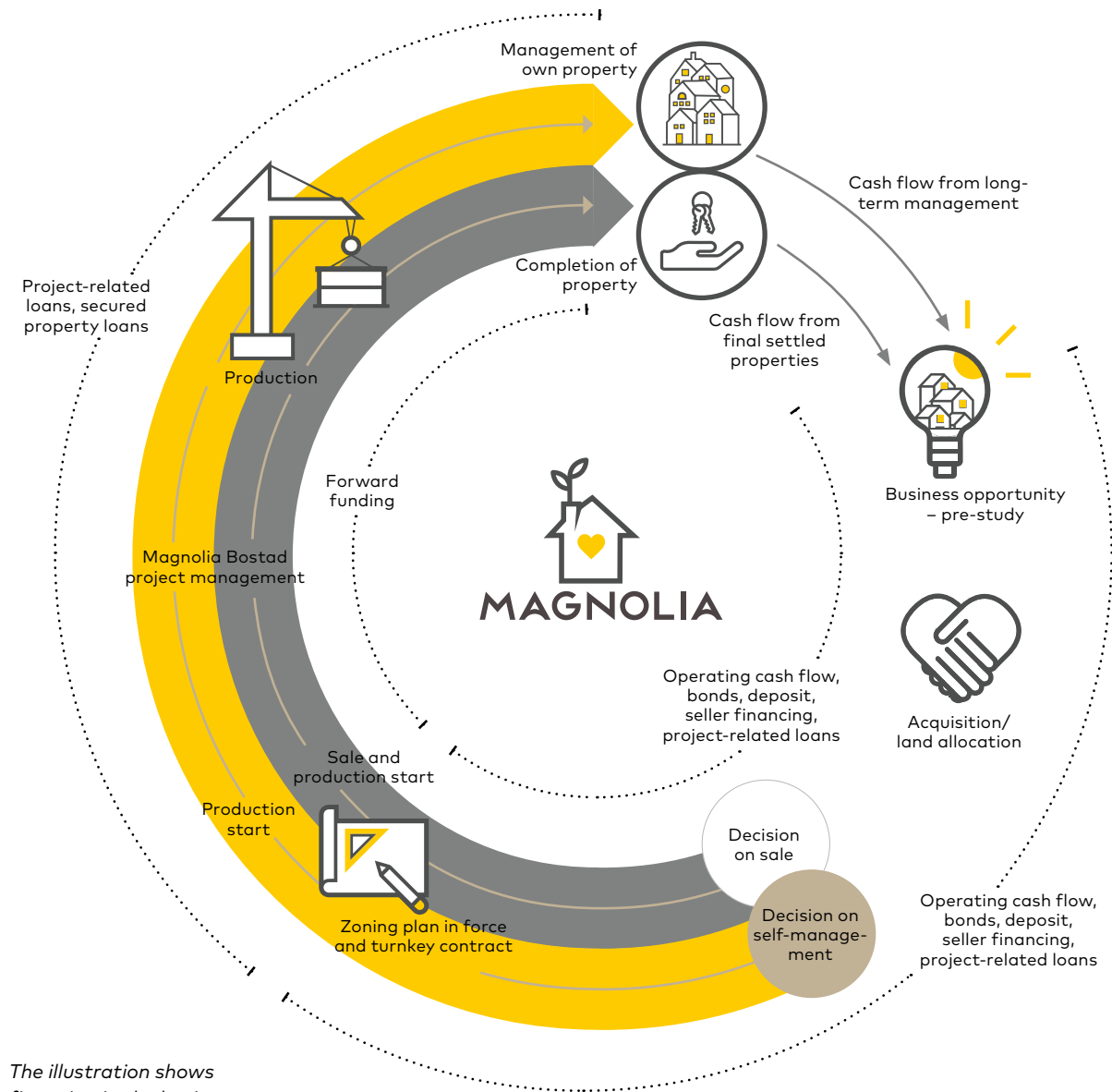
We work to achieve a long-term, stable capital structure with an even maturity structure and the least exposure to risk as possible. Today, all our outstanding bonds are green and we will explore the possibilities of using social financing. Our aim is that all our financing will be green or otherwise sustainable based on environmental and social aspects of society, within a couple of years.

Financing is needed during the initial development phase, where capital is required for land acquisition and value-added work.

Development for self-management entails the need for financing for contracting and construction as well as long-term financing in the form of property loans when the property is completed. Projects for sale have a shorter capital requirement cycle as forward funding is normally received at the time of sale.

The need for financing varies from project to project depending on how long the development work takes and the type of acquisition in question. If Magnolia Bostad buys a property without a zoning plan, planning work and property conversion can take several years. Properties that are acquired with a zoning plan in force plan can often start production quickly, sometimes immediately following the acquisition.

Bonds are used to finance the processing of building



The illustration shows financing in the business model.

Magnolia Bostad's financing

Financing of projects for self management →

Financing of projects for sale →

Five questions to Fredrik Westin, Deputy CEO & CFO →

rights, for other parts of the ongoing work of developing the projects and to finance the liquidity reserve. Certain land acquisitions are also initially financed with liquidity from bonds, thereby reducing the liquidity reserve. Land acquisitions can, to some extent, also be financed with seller financing. Acquired properties can usually be financed with various project-related liabilities. In the case of completed investment properties and rental-generating project properties, secured property loans are used as much as possible as the average interest rate for this type of financing is lower than for other financing.

The Group's financing as of 31 December 2022

The majority of the interest-bearing liabilities consist of bonds with a carrying amount of SEK 1,411 m. Magnolia Bostad has three bonds that are all green, unsecured and listed on Nasdaq Stockholm's Sustainable Bonds list. The funds from green bonds are used to develop sustainable, environmentally certified projects. We have three outstanding bonds:

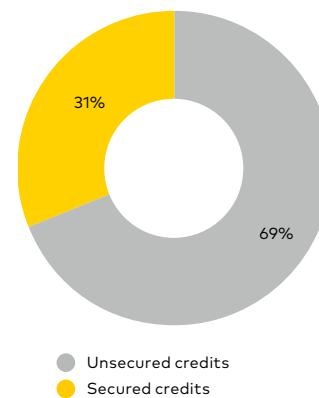
- One bond of a nominal SEK 400 m within a framework of SEK 700 m, with a variable interest rate of Stibor 3 months + 7.50% (with a Stibor floor) maturing in April 2024.
- One bond of a nominal SEK 725 m within a framework of SEK 1,000 m, with a variable interest rate of Stibor 3 months + 6.90% (with a Stibor floor) maturing in March 2025.
- One bond of a nominal SEK 300 m within a framework of SEK 1,500 m, with a variable interest rate of Stibor 3 months + 7.75% (with a Stibor floor) maturing in May 2026.

Project-related liabilities amounted to SEK 692 m,

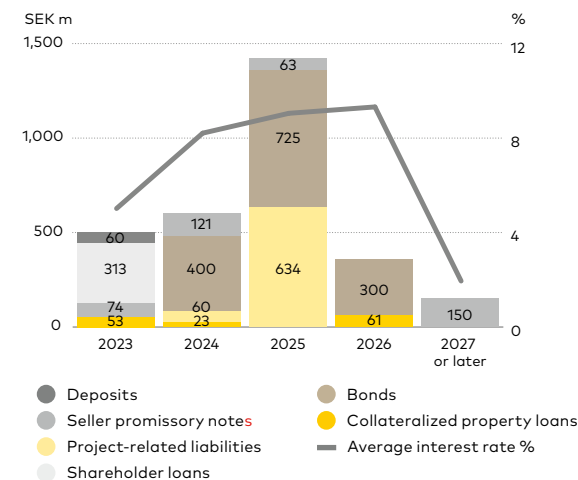
Financing KPI's, 31 December

	2022	2021
Equity, SEK m	2,245	2,406
Cash and cash equivalents, SEK m	772	233
Interest-bearing liabilities, SEK m	3,021	2,155
Unutilized credit, SEK m	726	123
Cash flow, operating activities, SEK m	-404	-288
Cash flow, investment activities, SEK m	-465	-303
Cash flow, financing activities, SEK m	1,408	547
Equity/assets ratio, %	32.5	38.7
Return on equity, %	neg	3.6
Net financial items, SEK m	-182	-185
Interest coverage ratio, times	neg	0,8
Average interest rate, %	8.2	6.7
Average fixed tied-up capital period (excluding deposits and utilized over draft facility), number of years	2.3	2.9

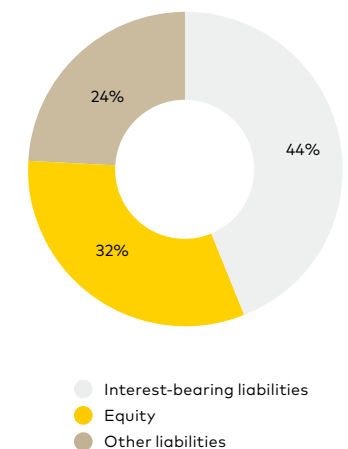
Securing credit



Maturity structure



Supply of capital, 31 Dec 2022



Magnolia Bostad's financing

Financing of projects for self management →

Financing of projects for sale →

Five questions to Fredrik Westin, Deputy CEO & CFO →

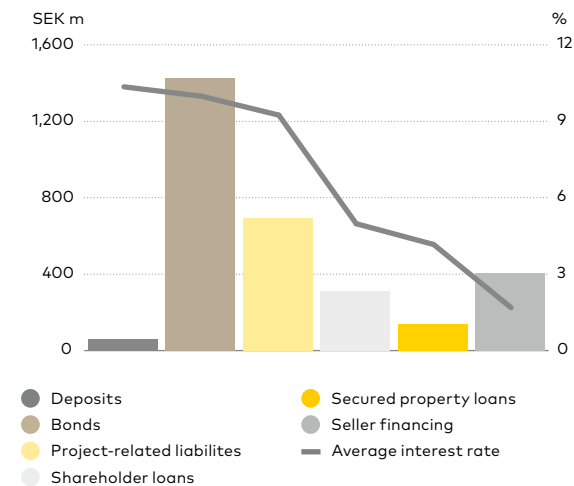
shareholder loan amounted to SEK 313 m, seller financing amounted to SEK 408 m and secured property loans amounted to 137 m. The remaining interest-bearing liabilities consist of a deposit of SEK 60 m.

Magnolia Bostad also has various short-term revolving credit facilities (RCF) amounting to SEK 750 m of which SEK 280 m was unutilized as of 31 December 2022. Of SEK 726 m in unutilized credit facilities, SEK 50 m consists of unutilized overdraft facilities.

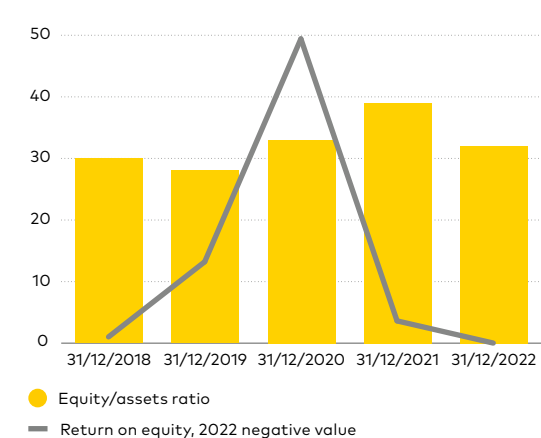
At the end of the period, Magnolia Bostad's average interest rate was 8.2% compared with 6.7% per 31 december 2021. Bonds with an average interest rate of 10.0%, deposits with an average interest rate of 11.1% and project-related liabilities with an average interest rate of 9.3% raised the average interest rate. The secured property loans and the seller financing have an interest rate of 4.2% and 1.7% respectively. Loans from Magnolia Bostad's shareholder Ham Nordic AB carry an interest rate of 5.0 percent. The interest coverage ratio for 2022 was negative and 0,8 times for 2021.

Tied-up capital, excluding deposits, amounted to 2.3 years as of 31 December 2022, compared with 2.9 years as of 31 December 2021. Of the Groupe liabilities, 31% is secured by property mortgages, share pledges or other security. Unsecured loans mostly consists of bonds. Through long-term work with banks and other lenders, refinancing work for larger loans begins no later than nine months before maturity.

Form of borrowing (SEK m) and average interest rate (%)



Equity/assets ratio and return on equity (%)



Financial target

The equity/assets ratio must be at least 30%.

Magnolia Bostad's finance policy stipulates that the equity/assets ratio must be at least 30%. The equity/assets ratio as of 31 December 2022 was 32,5% which is in line with the financial target and the finance policy.

Magnolia Bostad's financing

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Financing of projects for self-management

Financing takes place in various forms. We receive capital partly from our owners, and partly from final settlements from sold projects. Our external financing consists of building loans from major banks and, after completion of the properties, long-term financing.

Construction only starts after the credit-approved building credit is in place.

Investment properties

Completed investment properties

Magnolia Bostad has five completed properties for self-management with Magnolia Bostad's share having a carrying amount of SEK 688 m. One property is owned by a subsidiary with a carrying amount of SEK 128 m and four other properties are owned in joint venture with a carrying amount of SEK 560 m. During the year, three properties owned in JV companies were completed.

The properties are financed with secured property loans totalling SEK 721 m, whereof SEK 660 m is in JVs, with an average interest rate of 5,31%. The loans have a variable interest rates and the average capital tie-up is 0.39 year.

Production-started investment properties

During the year, production started in five projects, of which two are owned by JVs. A total of nine projects are in production, of which five are in JVs. During the

Read about:

- Properties for self-management on page 42.
- Property portfolio properties on page 45.

year, SEK 277 million was invested in projects carried out in subsidiaries and the carrying amount for these amounted to SEK 773 m. A total of SEK 163m of construction credit has been used and the and the remaining available credit space amounts to SEK 397 m.

In JVs, the carrying amount of production-started projects amounted to SEK 2,103 m, where Magnolia Bostad's share of the property value amounted to SEK 1,051 m. Three projects owned in JVs have been completed and moved to Completed investment properties. During the year, JVs invested SEK 669 m in projects in production, including investments in projects completed during the year.

Combined, our JVs have used building credit of SEK 626 m as of 31 December 2022. The JV companies currently have available construction credits on existing bank financing of SEK 1,116m for future investment needs. By developing within JV companies with a capital-strong partner, a large part of the financing need for remaining investments has been secured. The con-

struction loan in JV companies has a variable interest rate, where the average interest rate on 31 December 2022 was 5.25%, and has an average tied-up capital of 1.21 years.

Non-production-started investment properties

Magnolia Bostad has 25 non-production-started projects for self-management with a carrying amount of SEK 1,798 m.

External project-related financing of SEK 449 m is available with an average interest rate of 6,80% . Two projects were acquired during the year.

Sale of investment properties

Some investment properties may be sold to buyers and then the increase in value that has arisen during the development period will be realized. Realizing increase in value generates cash flows that can be invested in other projects to create further value growth.

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Upper illustration:

Projects developed independently for self-management

The closer the project comes the land acquisition and payment of the purchase price our investment increases. The objective is for the project to be financed through equity to 30% during development and construction. When the properties for self-management are completed, rentals start generating an ongoing cash flow.

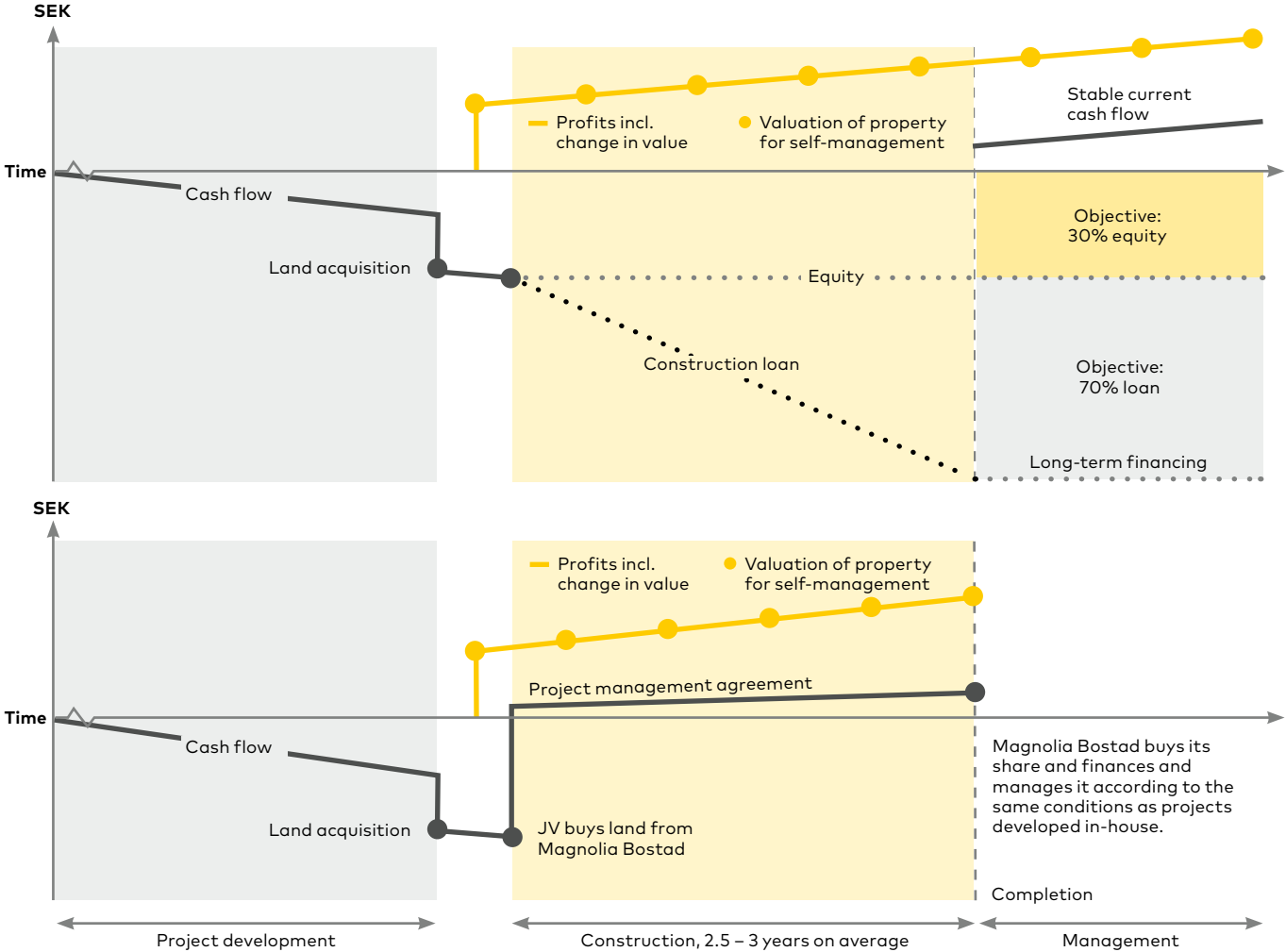
The share of equity can amount to more than 30% for the long-term financing of investment properties

Lower illustration:

Projects developed in joint ventures for self-management

Some of the projects are being developed in JVs, where Magnolia Bostad and JV partners own equal shares in the JV. The JV partner usually contributes a larger part of the capital contribution to the JV, often through shareholder loans.

The closer the project comes the land acquisition and payment of the purchase price our investment increases. The JVs usually acquire the projects from Magnolia Bostad, which means that Magnolia Bostad can use the proceeds from the sale to the JV company or sales receipts to cover its share of the financing commitment. When the properties are completed, the JV parties buy out each share according to a pre-determined agreement, normally 50% each.



The illustrations are not intended to give any indication of the profitability of a project.

Financing of projects for sale

Magnolia Bostad also develops residential units for sale according to forward funding, which means that the buyer pays for investments made up to handover and is usually part of the project profit.

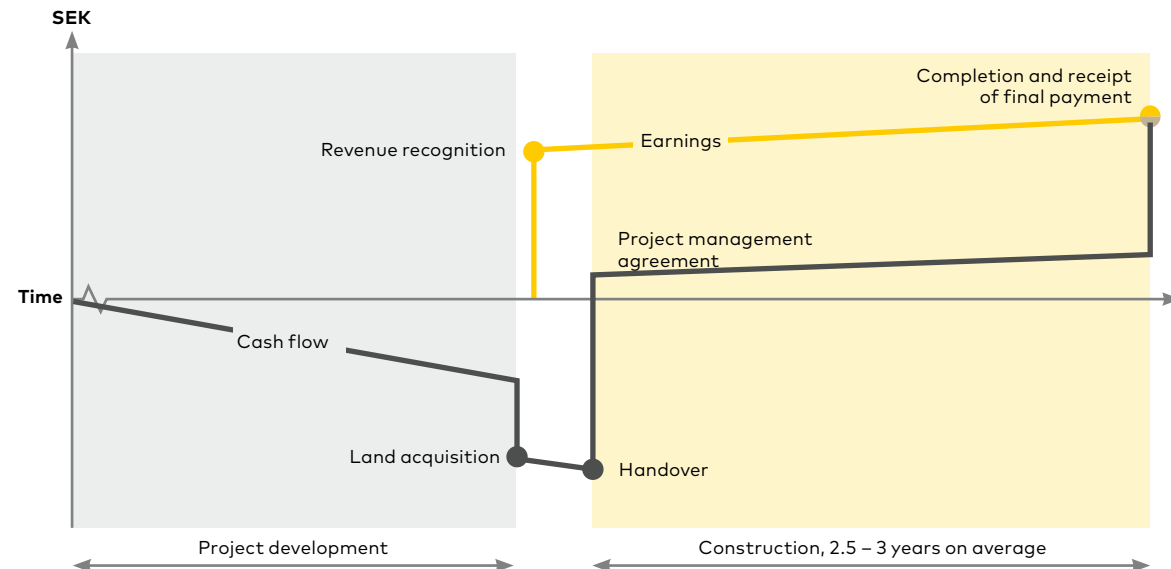
The closer the project comes the land acquisition and payment of the purchase price our investment increases. The largest aspect of Magnolia Bostad's bank financing is linked to individual projects where debt is repaid in connection with Magnolia Bostad's exiting the project. After handover, the project's financing responsibility passes to the buyer according to the forward funding model.

For the period after the handover, Magnolia Bostad has a project management agreement with the buyer, which runs until the property is completed. The project management work is invoiced and revenue reported on an ongoing basis during the contract period. Upon completion of the property, Magnolia Bostad receives the final payment.

Sales and revenue recognition take place when binding purchase agreements, zoning plans are in force, and turnkey contracts have been signed. The time of Magnolia Bostad's exit is often when building permits have been obtained or when the demarcation of a property comes into force. The time between revenue recognition and legal handover can therefore vary from project to project. Handover usually takes place two to six months after the contract date, but it can take up to one year.

Forward funding means that projects developed for sale can be run with a small capital requirement. During a growth phase with an expanding building rights

Illustration of cash flow and results in Magnolia Bostad's projects being developed for sale.



The illustrations are not intended to give any indication of the profitability of a project.

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Financing of projects for self
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Financing of projects
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portfolio as well as acquisitions and access to properties early in the zoning plan process, however, the need for capital is greater.

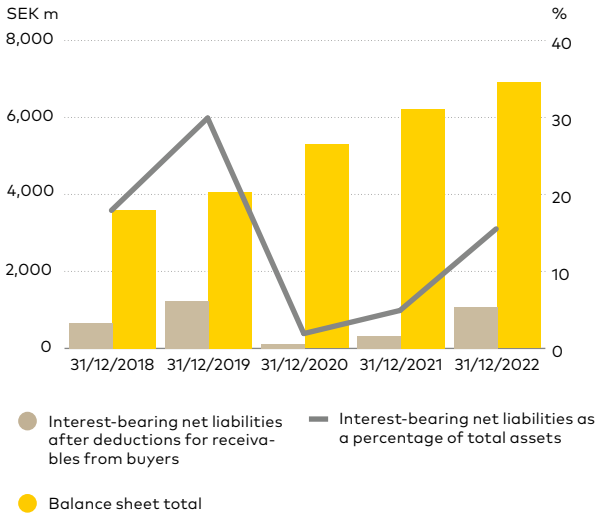
Magnolia Bostad has receivables from buyers of projects of SEK 1,172 m (1,605). Counterparties for project sales must be well-established and chosen with great care. The credit risk for receivables for property sales is judged to be limited as the risk of the counterparties not being able to fulfil their obligations is judged to be low.

Of the Group's Other long-term receivables and Other receivables totalling SEK 1,349 m (1, 787), which include receivables for property sales of SEK 732 m (901) are receivables from counter parties with investment grades in credit ratings by an independent credit rating agency. Counterparties for other receivables do not have credit ratings from independent credit rating agencies, and most of the receivables are from counterparties such as Trenum, Wikovia and PFA Bostad. The total receivables from these three parties amounted to SEK 370 m.

After deductions for cash and cash equivalents of SEK 772 m (233) interest-bearing net liabilities amounted to SEK 2,249 m (1,922). Interest-bearing net liabilities after deductions for receivables from the buyer of SEK 1,172 m (1,605) amounted to SEK 1,077 m (317).

Interest-bearing net liabilities after deductions for receivables from buyers in relation to total assets

Interest-bearing net liabilities and total assets, SEK m, and interest bearing net liabilities as a percentage of the balance sheet total



amounted to 15,6 % (5,1 %), which is a little above the five-year average of 12,9 %. Low interest-bearing net liabilities in relation to receivables from buyers indicate a good repayment ability for outstanding loans.

Liquidity obtained from final settlements is reinvested in projects, either projects for sale or projects for development for self-management.

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Five questions to Fredrik Westin,
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What has the property financing market looked like in 2022?

"In order to obtain bank financing today, higher demands than before are placed on repayment ability, collateral provided and financial commitments. We have the advantage of having a strong, committed, owner in HAM Nordic AB, which is jointly owned by Holmströmgruppen and funds and units that are managed and advised by Areim."

Is sustainability as important now as it was a year ago?

"Yes, it is even more important now than ever. Banks are increasingly prioritizing customers who qualify for sustainable financing. Sustainability is a prerequisite for obtaining green construction loans and for obtaining green loans for long-term financing. In 2022, we were granted our first green construction loan."

What does it mean to build sustainably?

"It means making as little claim on the earth's resources as possible, both in the construction phase and later when the properties are in operation. Basically all of our projects are or are planned to be environmentally certified. We are keen to both build sustainably and to build for the future sustainable

operation of our housing. Building sustainably also includes sustainable financing and thanks to our sustainability profile, we were able to issue additional green bonds in early 2022. Green bonds now make up one hundred percent of our bonds."

Is your business model affected by the changing environment in 2022?

"Our business model has not changed direction. In addition to our goal of eventually building up a portfolio of properties for self-management, we are continuing to develop and sell housing according to our forward funding model. However, we have chosen to postpone some production starts due to the market situation. We scrutinize every project to optimize every deal."

How do you see your financing for 2023 and beyond?

Despite a tough situation for the property sector as a whole, we are confident about our financing. We have good relationships with the banks and we have a sustainable business that qualifies for green financing. We also have a strong owner who contributes capital for new acquisitions."



Projects and properties

[Our building rights portfolio →](#)

[9,300 residential units
in production →](#)

[Properties for self
management →](#)

[Value and valuation →](#)

[Our regions →](#)

[Magnolia Bostad's architects →](#)

Our building rights portfolio

Magnolia Bostad has one of Sweden's largest building rights portfolios. We develop rental accommodation as well as tenant-owner apartments, community service properties and hotels. Our housing is developed as individual projects or as part of a larger project when a completely new neighbourhood emerges.

Our building rights portfolio

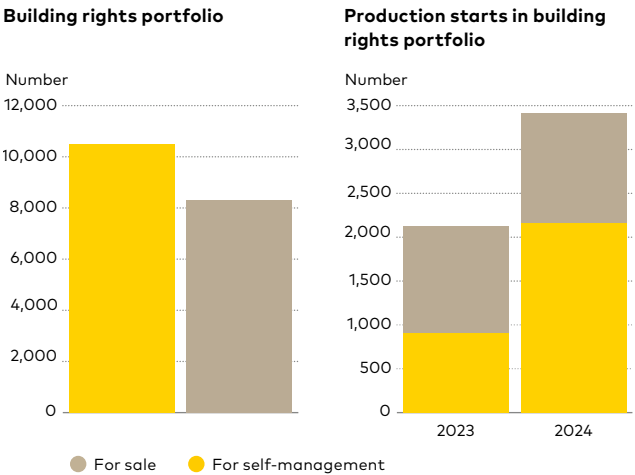
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Our building rights portfolio consisted of just over 18 800 building rights at the end of December 2022. Just over half are intended for development for self-management and the other half for development for sale. Our ambition is to reach a margin of at least 10% for all projects developed for sale.

Our best estimate of production starts from the building rights portfolio as it stands on 31 December

2022 lies just above 2,000 construction starts for 2023 and above 3,000 construction starts for 2024. This figure may change as the building rights portfolio is replenished with newly acquired building rights, or because of adjustments according to the prevailing market situation. There are also uncertainties such as zoning plan processes, government decisions or unspecified dates for vacant project properties that can cause estimates to change over time.

The Södra Häggviks gårdar project in Sollentuna comprise around 1,400 residential units. Representation.



9,300 residential units in production

As of 31 December 2022, Magnolia Bostad had just over 9 300 boenden under production. Most of the units, around 80% have been sold and around 20% are for self-management. Magnolia Bostad manages all projects, also sold projects, until completion.

In line with Magnolia Bostad's focus on increasing the number of residencies intended for self-management, the proportion of residential units for self-management in production will increase in future.

In 2022 we completed around 900 residential units. Since its inception, Magnolia Bostad has completed over 6,700 residential units. Our ambition is for all completed homes to be environmentally certified according to the Swedish Green Building Council's silver

certification, the Nordic Swan Ecolabel or another equivalent standard. In 2022, environmentally certified residential units, or residential units with ongoing environmental certification, amounted to 100% of the total amount completed residential units. In sold rental accommodation projects, Magnolia Bostad can, on behalf of and in collaboration with the buyer, sell parts of sold rental projects as tenant-owned apartments.

Residential units under construction in Upplands-Bro.

Our building rights portfolio →

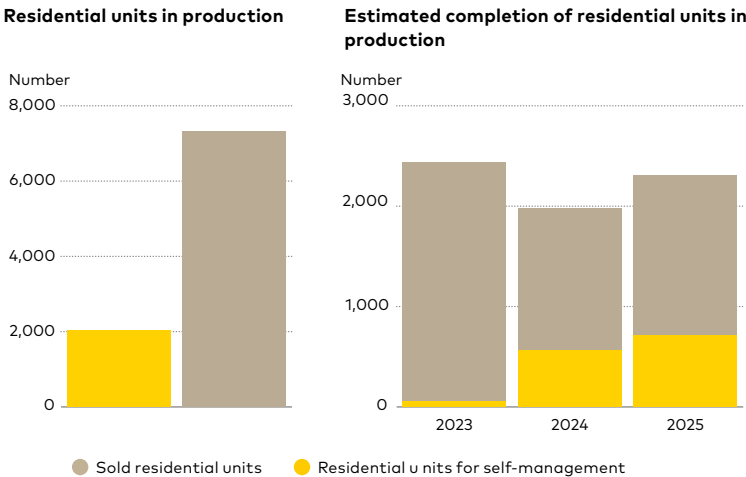
9,300 residential units in production

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Properties for self-management

Properties for self-management create the conditions for a long-term increase in the net asset value of the company and a predictable ongoing cash flow.

Projects for self-management are selected after an assessment of each project. In the assessment, we consider, among other things, whether the future property fits into our long-term strategy to build up our own property portfolio. By consolidating our investment properties in certain geographical locations, we can implement good, efficient management.

Certain properties are developed through joint ventures (JVs). In those cases, we contribute our development expertise while our partner accounts for a larger share of the capital requirement. When the property is completed, it is managed within the JV, or alternatively Magnolia Bostad and the JV parties each buy part of the property.

Projects that involve the development of an entire neighbourhood often include a combination of rental accommodation, tenant-owned apartments, residential care homes, nursery schools, schools and hotels. Magnolia Bostad can therefore create an optimal mix in an area and work on the whole project based on the living environment and sustainability.

Properties for self-management

As of 31 december 2022, properties for self-management have a property value of SEK 688 m and generate an annual rental value of SEK 31 m.

Breakdown of properties for self-management

Completed properties, projects in production and non-production-started projects.

	Estimated number of residential units	Rentable area upon completion, m ²	Carrying amount, SEK m	Remaining investment, SEK m	Estimated property value upon comple- tion, SEK m	Estimated annual rental value upon completion, SEK mr
Properties for self-management, completed	384	17,627	688	–	688	31
Properties for self-management, in production	2,026	90,673	1,828	2,597	4,923	225
Properties for self-management, not production-started	10,502	551,859	1,798	23,056	30,992	1,453
Total	12,911	660,158	4,314	25,653	36,603	1,708

The carrying amount in the table above consists of what is reported as investment properties in Magnolia Bostad's report on financial position and Magnolia Bostad's share of investment properties in JVs. For important information about assumptions, see [page 137](#).

Production-started properties for self-management

As of December 2022, productionstarted properties for self-management are estimated to have a property value of SEK 4.9 bn upon completion and generate an annual rental value of SEK 225 m.

These projects are expected to be completed between 2023 and 2029. Remaining investments in these projects amounted to SEK 2.6 bn on 31 December 2022 and the remaining estimated undiscounted surplus value amounted to SEK 0.5 bn.

Building rights portfolio for self-management

Non-production-started properties for self-management are estimated to have an undiscounted surplus value of SEK 6.1 bn where there are zoning plans in force. The value is assessed after considering the initial estimate of costs for demolition, development, planning costs and more.

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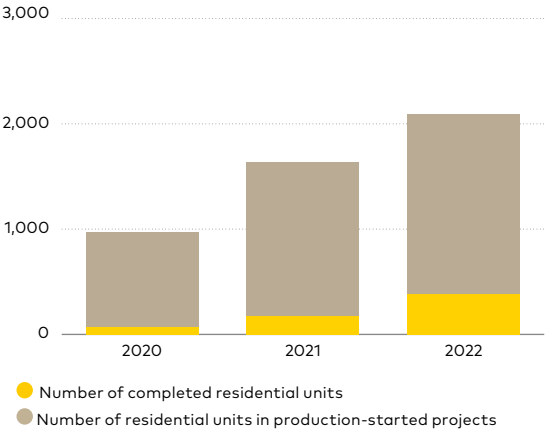
Targets and results for properties for self-management

- Our building rights portfolio →
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Magnolia Bostad's business target is to increase the number of completed residential units for self-manag-ment from the present number of 384 residential units to just over 6,000 units, see page 9.

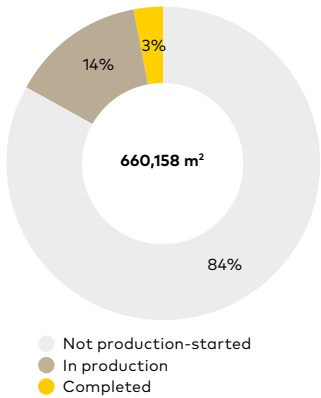
A total of 2,026 residential units with an estimated property value upon completion of SEK 4.9 bn are in production. In addition to properties in production, additional residential units are needed to reach the target, the majority is estimated to come from production starts in the existing building rights port-folio.

Number of residential units: position 31 Dec 2022

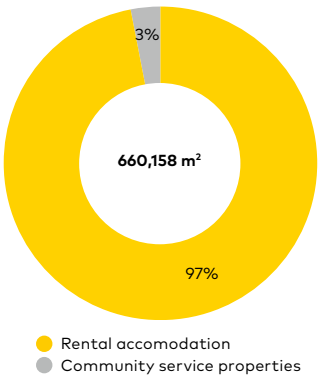


Properties for self-management

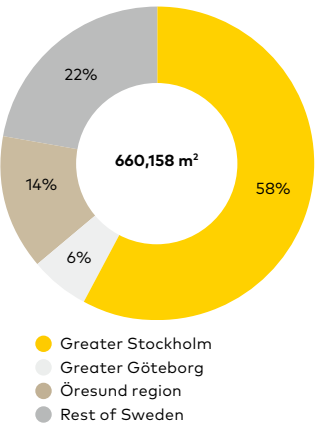
Project status



Category



Geographical distribution



The Strandblick project in Östersund.

Values and valuation

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We create value continuously throughout the process, from land acquisition through zoning plan work, until the building is complete. The increase in value of the project takes place gradually while our work is in progress, but the reported valuation occurs at a later specific time.

Initially, the land is reported at acquisition value. The valuation of properties for self-management is reported when a zoning plan comes into force and other prerequisites are in place to reliably estimate fair value. Thereafter, a fair value valuation is reported quarterly. During the production period, the change in value is usually due to project development profits that are reported as construction progresses and remaining uncertainties decrease. After completion, changes in value are mainly due to return requirements changing, but also to changes in estimates of future operating net income. For important information about assumptions, see **page 137**.

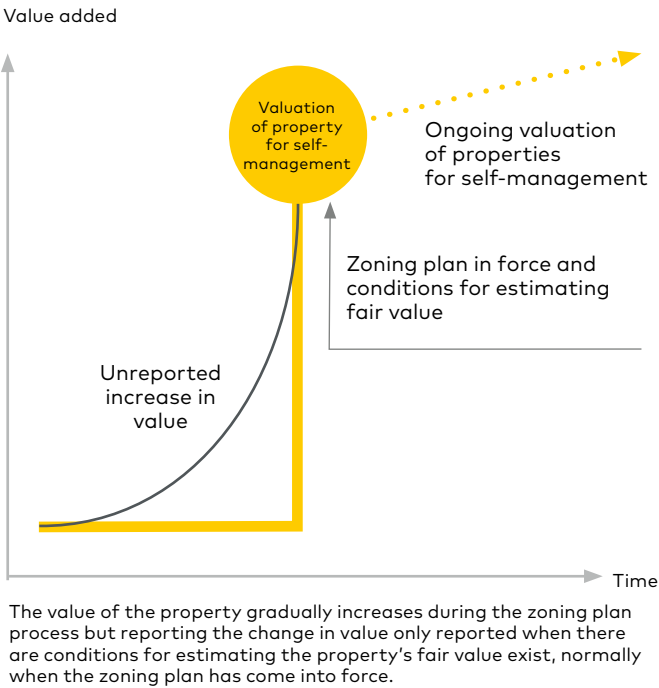
Projects for sale are valued at acquisition cost up to the time of sale.

Method – valuation of properties for self-management

Managed properties and production-started properties are reported at fair value in accordance with the accounting standard IAS 40. Before a zoning plan comes into force, it is difficult to reliably estimate fair value, which means that properties without a zoning plan are reported at acquisition value, which includes directly attributable expenses, unless there are sales agreements or other reliable indications of other value.

Determination of fair value
 Fair value is determined with a combined application of the return-based method and the local price method. For a definition of the valuation method, see **pages 135–136**.

Process - valuation of properties for self-management
 All properties are valued through internal valuation at the end of each quarterly report. At least once a year, an external valuation takes place to validate the internal valuations for all properties that are not valued at acquisition cost or at fair value, based on a signed sales agreement. External valuations can be performed more than once a year for projects that are in the early stages of the development process when uncertainty can be greater. To ensure a professionally performed valuation, the valuations are carried out in accordance with the International Valuation Standards (IVS) issued by the International Valuation Standards Council (IVSC).



Property portfolio properties for self-management

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Magnolia Bostad has 34 projects for self-management throughout Sweden. Most of the projects for self-management have not yet been production started. As of 31 December 2022 Magnolia Bostad had five completed properties with a carrying amount of SEK 688 m. Five production-started properties are owned via JVs and four production-started project are owned via a subsidiary.

Magnolia Bostad's share of properties in production amounts to SEK 1,828 m and the corresponding value of non-production-started properties amounts to SEK 1,798 m.

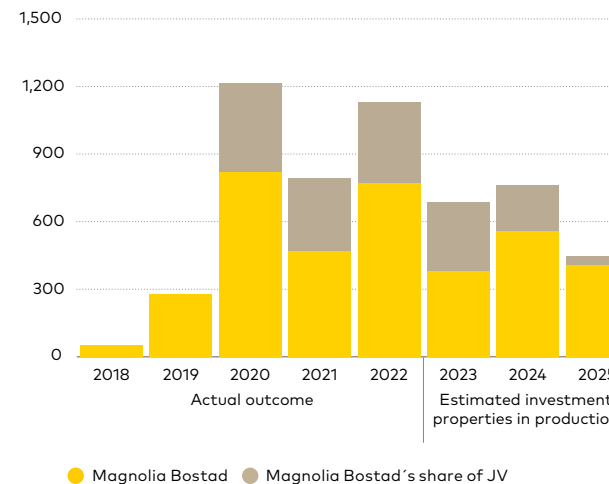
Completed investment properties

The projects, LU:1 i Luleå, Gjuteriet etapp 2 in Eskilstuna and Sportflygaren in Örebro were completed in 2022. All of these projects are owned through a JV with Slättö Core Plus Holding AB. In total the underlying property value is SEK 745 m och with Magnolia Bostad's share amounting to SEK 373 m. The projects consist of 415 rental units with an annual rental value of SEK 17 m. In addition, there is Adjutanten in Visby with a property value of SEK 128 m and an annual rental value of SEK 6 m, and in a JV together with Slättö Core Plus Holding AB the Strandblick project in Östersund with a property value of SEK 375 m and an annual rental value of SEK 17 m.

Investeringar och förvärv

Investments and acquisitions amounted to SEK 1,488 m during the year. The corresponding figure last year amounts to SEK 1,121 m. Of this year's investments and acquisitions, SEK 769 m was in subsidiaries and SEK 719 m was in JVs with JV partners.

Investments and acquisitions, production-started properties - including investment properties owned in JVs, SEK m



Estimated value at completion of investment properties in production

The property value of completed properties amounted to SEK 688 m as of 31 December 2022. Upon completion of properties in production as of 31 December 2022, the total property value is estimated to have increased to SEK 6,822 m and have a rental value of SEK 309 m, with Magnolia Bostad's share amounting to SEK 4,923 m in property value and SEK 225 m in rental value.

Changes in value of self-management properties

SEK m	2022	2021
Fair value at the start of the period	2,276	1,483
Reclassifications	-324	263
Investments and acquisitions	769	468
Changes in value	-233	155
Sales	0	-93
Fair value at the end of the period	2,489	2,276

Property value of properties for self-management owned by JVs

SEK m	2022	2021
Fair value at the start of the period	2,884	1,911
Reclassifications	-58	-
Investments and acquisitions	719	653
Changes in value	-98	320
Fair value at the end of the period	3,448	2,884

Input valuation at fair value 31 December 2022:

Discount rate, range: 5.58–6.83%

Direct yield, range: 3.31–5.25%

Estimated remaining investments as of 31 December 2022 for properties in production amounted to SEK 3,336 m, of which SEK 1,477 m of the investments will be made by the respective JVs. In total, properties and properties in production consist of 127,210 m², of which 73 075 m² is owned via JVs. In addition, there is 698,628 m² of non-production-started properties, of which 293 539 m² is owned in JVs.

Changes in value

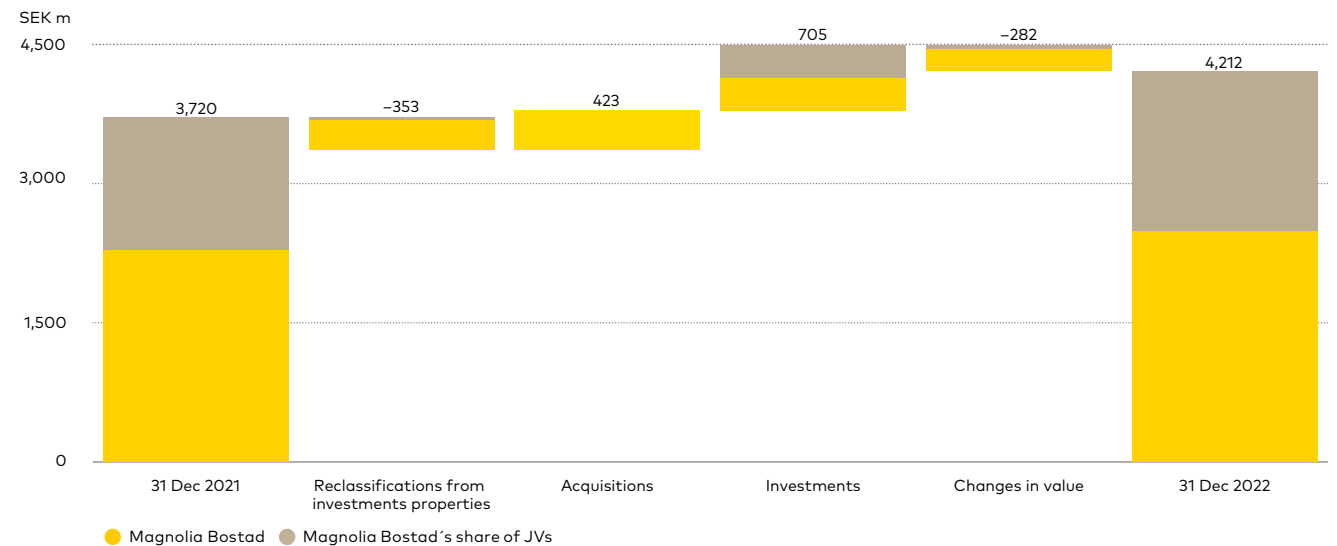
Value changes on properties for self-management were large in 2022 as a result of the implementation of the Court of Appeal's ruling on presumptive rents, which negatively affected the development of net operating income, increased inflation, rising costs for financing, production and operation as well as increased yield requirements.

Magnolia Bostad reports a value change of SEK -233 m on properties owned during 2022. This corresponds to a decrease of 10% compared to the value at the beginning of the period. Reported changes in value in JVs amount to SEK -98 m, where Magnolia Bostad's JV share is SEK -49 m, which corresponds to a decrease of 3 % compared to the value at the beginning of the period.

Reported changes in value according to the income statement amount to SEK -230 m, the difference of SEK -3 m against the item Value changes of SEK -233m in the table Change in value of self-management properties on page 45 is due, among other things, to profit effects that arose during the year from properties previously sold to JV companies year.

Development gains arise mainly through the work Magnolia Bostad puts in to ensure zoning plans come into force as well as during ongoing production as uncertainty and thus risk deductions decrease.

Changes in value, properties for self-management



Changes in value, own investment properties	2022 Jan-Dec	2021 Jan-Dec
Changes in net operating income	-88	5
Changes in project costs	-102	-24
Project development	106	139
Changes in direct yield	-145	13
Sales	1	21
Sales to JVs	-3	-26
Total	-230	128

Our regions

Through five regional offices, we cover the whole of Sweden. Each regional office has its own business and project developers who run operations in the region's area from idea via concept development and building permit to final completion. In total, the regions have 9,345 residential units in production.

Our local presence gives us a very good knowledge of the property market and the local conditions. We continuously monitor the market for new business opportunities. When attractive plots of land have been identified, we carry out feasibility studies, such as market analyzes and cost and revenue estimates. We usually acquire land on a rental basis and carry out careful preparatory work where sustainability aspects are always considered

All projects are planned to be certified at least according to the Swedish Green Building Council's silver certification, Nordic Swan Ecolabel or an equivalent.

After completed acquisition, the project is developed from idea, via zonal planning and concept development, to final completion. Construction is procured on a turnkey contract basis. All regions develop different types of accommodation, both for Magnolia Bostad's self-management and sale.

We have our own architects and also collaborate with external architects. Read more about Magnolia Bostad's architects on page 58.

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Eastern Region: A new society is emerging

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The Eastern Region spans Greater Stockholm, Gotland, parts of the Mälardal region and Dalarna. This is Magnolia Bostad's largest region in terms of the number of developed projects.

We are developing 2,300 residential units next to Lake Mälaren in Upplands-Bro and close to central Stockholm. Some of the units are being developed for Magnolia Bostad's long-term self-management and others for selling. In the area, there will be rental properties, tenant-owner apartments, villas and terraced houses. At the end of 2022, 818 units were occupied. The entire area is expected to be completed in 2030.

Johnny Forsell, responsible for property management at Magnolia Bostad:
"In 2022, 112 rental properties were occupied that we have developed for self-management. The apartments have well-thought-out floor plans and are of a high standard. We are building a society where our intention is for people to thrive, feel safe and have an easy time living a life with little environmental and climate impact."

"This is an area surrounded by nature that inspires outdoor activities. During the year, we completed a nature trail that is really appreciated by the residents. We also built large jetties that can be used as sun-decks," see page 115.

Eastern Region, 31 Dec 2022	
Residential units in production	4,614
Number of employees	30

in Upplands-Bro, we are developing around 2,300 residential units.
The picture shows the Brogårdstaden project emerging.



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Johnny Forsell, responsible for property management at Magnolia Bostad with Eva Varo, a recently moved-in tenant in the Bro Mälarstrand project.

"Most of all, I like the view"

Johnny Forsell met Eva Varo, one of Magnolia Bostad's first tenants in the Bro Mälarstrand project. Eva moved into her new apartment in August 2022.

"I really enjoy it here and look forward to when summer comes and it's green outside - there's a lot of forest and nature here and it's close

to swimming areas. The apartment has an open floor plan, which means that I am always close to the children and can spend time together, which I appreciate.

"It's also fun to follow the construction and see how this whole lovely area develops."

The first occupants moved into the Bro Mälarstrand project in Upplands-Bro in 2022.



Ångloket and Meriten – two of the Eastern Region's projects that are being developed for self-management

Several of the projects in the Eastern Region are being developed for Magnolia Bostad's self-management.

"The rental apartment project Ångloket with 412 residential units is an example of a project we are developing for self-management," says Johnny Forsell, responsible for property management.

The project is located in Knivsta, close to the centre and within walking distance of beautiful nature with lakes to swim in, mushroom forests and ski trails. The area is also just a few minutes' walking distance from

Knivsta station, from where it is easy to get to both Stockholm and Uppsala.

Student housing on Gotland

"In our role as urban developers, we build different types of accommodation. On Gotland, there is a major shortage of student housing, and here we intend to have 142 student residential units ready for occupancy in 2024."

The Meriten project will be Magnolia Bostad's second project in the Adjutanten district in Visby. The

first is care housing that Magnolia Bostad has under self-management and which was completed in 2019.

The student apartments have their own washing machines and durable materials such as parquet floors and tiled bathrooms. The courtyard areas are designed to offer opportunities for meetings, activities and relaxation. The buildings have been designed by Magnolia Bostad's own architects and turnkey contracts have been signed with Peab.

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The Ångloket project in Knivsta. Representation.



The Meriten project, student housing in Visby. Representation.



The ground-breaking ceremony for the student housing was conducted in September 2022 by Björn Bergman, Eastern Regional Manager, Magnolia Bostad, Eva Nypelius (C), chairman of the regional council and Johan Eskilsson, regional manager, Peab..

Central Region: Old airfield becomes a modern district

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The Central Region runs right across Sweden and includes almost 100 municipalities. We work here with projects from Karlstad in the west to Kalmar in the east. The rental accommodation project Sportflygaren in Södra Ladugårdsängen in Örebro is one of the region's projects.

The project is close to green areas, golf courses and hiking trails and at the same time close to the city centre. 180 rental apartments are distributed over five blocks, of which four are apartment buildings and one is a terraced house with six residential units. There is a variety of different housing: attics, private entrances from the street, extra generous ceiling height, sloping roofs or dormer windows.

Sportflygan was completed in 2022 and attracted a lot of interest when rentals began in May. It only took a few minutes before 600 applicants had been in contact. In September, all units were occupied.

Elin Gustavsson, project developer at the Central Region, has been working with the project for the past two years:

"The buildings are very nice, with facades in shaded red brick, black tin roofs and a nice open courtyard. The design stands out in the area. We are very proud

Central Region, 31 Dec 2022	
Residential units in production	1,055
Number of employees	7

The Sportflygaren project was completed in May 2022 and attracted a lot of interest. By September, all accommodation was occupied.



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of this project. The housing looks very nice with oak parquet throughout, bright walls and elegant kitchens."

The Södra Ladugårdsängen area is a long-defunct airport, hence the project's name Sport-flygaren. The history of the place lives on through street names such as Pilotgatan, Termikgatan and Kabingatan. Sportflygaren is the second project Magnolia Bostad has developed in the area. The first called Segel-flygaren was completed in 2020.

Sportflygaren has been developed in a JV with Slättö for self-management. The buildings are certified according to the Swedish Green Buildings silver certification and have very attractive features regarding energy management and thermal insulation. The property only consumes a little more than half of the energy that is permitted according to the Swedish National Board of Housing, Building and Planning's requirements for energy use for this type of property.



Elin Gustavsson, project developer at the Central Region, with Victoria Solén, who recently moved in as a tenant in the Sportflygaren project in Örebro.

"We feel very comfortable in the terraced house"

Victoria Solén and her partner moved in during September 2022.

"We like the planning most of all, and that all the bedrooms are on the upper floor and become our private space, while the common, social areas are on the ground floor. We previously lived in Södra

Ladugårdsängen and feel good in the area, which is close to what we need, grocery stores, nursery school and work."

"What's really fun is that I recommended my sister to also move to Sportflygaren and she got an apartment with occupancy in May 2023."

Western Region: Energy-efficient projects in a region with a great need for new housing

The Öresjö Ängar Centrum project. Representation.

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In the Göteborg region, we have many different types of projects in production. We build rental apartments, tenant-owned apartments, specially-adapted accommodation and community service properties, in total we have around 1,360 residential units in production.

One of Magnolia Bostad's new construction-started rental apartment projects is called Öresjö Ängar Centrum. Here we are developing around 300 residential units that are close to nature about five kilometres outside Borås. The project is located in the new area of Öresjö Ängar, where we are developing over 530 residential units in total.

The project was developed for Magnolia Bostad's own management and broke ground in October 2022. Construction started soon after and will continue for just over three years. Occupancy of the first apartments is planned to begin in the second half of 2024 and then take place gradually until 2026. The residents are centred around a square with restaurants, shops and a bus stop. Construction of a nursery school is also planned.

The buildings have wooden facades and solar panels and will have very attractive features regarding energy management and thermal insulation.

Western Region, 31 Dec 2022	
Residential units in production	1,358
Number of employees	7



Partille Port – a new residential area close to both nature and the city centre

In Partille municipality just outside Göteborg, the new Partille Port district is being developed with around 1,000 residential units and several commercial properties.

Magnolia Bostad is developing 231 rental properties here for the buyer and manager Heimstaden. The first tenant moved in in November 2022 and tenants will continue to move in throughout the spring of 2023.

The project is a rectangular block with different facades that enclose a child-friendly courtyard. It is close both to nature and the centre, as well as Partille Arena, where various events are often held. The mu-

nicipality's plans also include a large swimming pool a few hundred metres away.

"It has been really enjoyable to work on this excellent project. Partly because I like the aesthetics and also because of the good collaboration we have had with the buyer of the project and with the turnkey contractor," says Sebastian Schewenius, project developer at the Western Region. "I feel extremely proud when I think about the long-term solutions we have developed with solar panels on the roof and electric car chargers in the garage. There is also a carpool with two electric cars that the tenants can use."



Sebastian Schewenius, project developer at the Western Region, and Alva Lundin, tenant in the project in Partille Port.

"I'm really looking forward to moving in"

On a sunny winter's day, Alva Lundin saw her new apartment for the first time.

"This feels extremely exciting! In my mind, I have already started to furnish the apartment. Everything is as I expected or better! It's a very bright apartment with a good layout and it feels bigger than I thought."

"The area is new and new restaurants and shops will be opening. It's exciting to move in as the first tenant. There are good conditions for socialising with the neighbours. I'm thinking especially of the large roof terrace where you can mix with other people."

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Northern Region: Part of the green industrial transition

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In northern Sweden, a number of new industries are being developed, including for the production of electric car batteries and fossil-free steel. The industries will need a lot of labour, which means that the demand for new housing is expected to be high. According to the government's coordinator for new industrial ventures in the north, up to 100,000 new residents may be needed.

Magnolia Bostad has around 740 residential units in production in the region. The units are sold through forward funding and are project managed by Magnolia Bostad until handover to the customer. In Skellefteå and Sundsvall, rental properties are being built and in Östersund, special accommodation for the elderly.

The project in Östersund is called Norrskén and has been sold through forward funding to Hemsö. Occupancy begin in April 2023. The accommodation is only a couple of minutes' walk from the centre of Östersund. The building has been developed in solid wood and the architecture connects to the culture of Jämtland and its beautiful nature. Read more on the next page about the cooperation with the municipality.

In 2022, 59 residential units for self-management were completed in the region, which means that the region

Northern Region, 31 Dec 2022	
Residential units in production	738
Number of employees	6



The Norrskén project in Östersund. On the roof terrace, residents have a view of Storsjön with Jämtlandsfjällen as a backdrop.

now has a total of 167 residential units in self-management.

"We are involved in developing the region that the world has recently opened its eyes to. Much of what we build is made of wood with solar panels on the roofs. We are also working on recovering heat from wastewater through wastewater recycling, to name a few things," says Fredrik Westerlund, project development manager.

Fredrik Westerlund, project development manager in the Northern Region.



The Norrsken project - an example of how Magnolia Bostad and a municipality jointly developed a residential care home

"The residential care home at Bangårdsgatan is a good example of what we at Magnolia Bostad can do together with a municipality, says Urban Thorén, business manager for Community Service Properties at Magnolia Bostad. It has been exciting, stimulating and educational for all parties."

Urban Thorén and the municipality's representatives met outside the soon-to-be-completed Norrsken project.

"The idea of renting a care home was a little new for us. We usually build it ourselves and become the owner," says Börje Hoflin, assignment manager at the care and welfare administration. "But purchasing a rental property also works well. We need to create more residential care homes and preferably close to the city centre, so it matters less if we own them ourselves or rent them. The care homes will partly replace obsolete old people's homes, and partly increase the number of apartments. We are currently well-balanced but over the next ten years we will need around 250 more new apartments."

The municipality worked out a functional description and an expression of interest was sent out. The tender was then done in two stages. When the tender was completed, it was clear that Magnolia Bostad's concept was the most attractive.

"It's a fine building that will be very good for those who will move in soon. The care home also adds value to the entire urban environment, as it becomes an eye-catcher," says Börje Hoflin. "This feeling and added value that the building provides, thanks to its

special design, would have been difficult to define in a functional requirement."

"The collaboration with Magnolia Bostad has always been professional, efficient and enjoyable," says Ulrika Paulsson, assignment strategist at the municipality. "We set a time frame of a maximum four years to build the care home, from start to finish, and moving in during March or April has been on the schedule all along. Now we see that the schedule has been kept and on 19 April the first person moves in."

About 80 people will work in the building. The staff mainly consists of assistant nurses, but also of nurses, coordinators and administrative staff.

"It's important to bear in mind regarding residential care homes that some occupants will spend a lot of time in their apartments," says Maria Flygare, the municipality's project manager for residential care homes. "We have to consider how, for example, heat and sun affect the accommodation. There is a lot to consider. We also have to think about giving the occupants something to look at through the windows and that the apartments are easy to furnish to their liking and taste."

It's expected that all tenants will have moved into the care home by June, and the municipality is planning a big housewarming party then.

Ulrika Paulsson, Maria Flygare, Börje Hoflin and Urban Thorén.



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Southern Region: With the sea as a neighbour, new rental accommodation is being built

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The Southern Region spans Skåne, Blekinge and southern Halland. There is a great need for new housing here. Magnolia Bostad has five projects underway in the region. One of the projects is Vrakbåten 1, which is located in the new Västra Sjöstaden district in Ystad.

Västra Sjöstaden is located one and a half kilometres outside Ystad and was originally an industrial area that has been converted into a pleasant residential area with 224 residential units.

The buildings are certified according to the Swedish Green Buildings silver certification and the roofs have solar panels for the property's electricity. Occupancy of the first stage took place in November 2022. The residences, which are close to the sea and nature, have attracted great interest. The project is expected to be completed in autumn 2023.

Shanga Namali, project developer at the Southern Region, is leading the project until it's handed over to Heimstaden, which is the buyer and manager.

"This is an enjoyable and exciting project that is being built with ready-made apartment modules from the contractor Derome," she says. "The modules consist of residential units ranging from studios to 3-bedroom apartments and are assembled quickly, in just a few weeks. What takes the longest are the foundations.

Southern Region, 31 Dec 2022	
Residential units in production	1,580
Number of employees	9



The Vrakbåten project with 224 residential units close to the sea and nature

Marie Herrström works in the aftermarket at the Southern Region and prepares the project for the ongoing administration. She explains:

"Through frequent coordination meetings with the property owner and contractor, on site and digitally, we develop the conditions for smooth, efficient management. The property owner's wishes are taken care of, for example service alarms, energy readings and remote name changes on mailboxes."

"We work together to produce the best possible accommodation."



Marie Herrström, Aftermarket in the Southern Region and Shanga Namali, projekt developer in the Southern Region.

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Magnolia Bostad's own architects are usually involved from a very early stage in the development of new projects.

Being involved at an early stage makes it possible to produce a deeper analysis of the project's possibilities even before land acquisition has taken place. Magnolia Bostad's architects have now been on site since 2020 and have followed several projects from early sketches to the start of construction.



The Linnefabriken project in Göteborg. Representation.

Hugo Löfgren, Jenny Karlmark, Stavros Chrysovergis, Madalina Gherghina and Julia Hermansson in conversation about an upcoming project.

"We support our regional offices with early investigations before purchasing, implementing entire projects, and as support for the project developers when reviewing documents from external architectural offices. The review is an important part of Magnolia Bostad's experience feed-back, where as architects, we protect the design and good floor plans," says Hugo Löfgren, chief architect.

Examples of projects where the architects have been involved from the beginning and throughout the entire development phase are the Linneförrådet and Linnefabriken projects, which are located on the old Fixfabriken site at Majorna in Göteborg. In total, there are around 350 residential units in apartment blocks with various forms of ownership. The projects are in production and first occupancy is estimated in spring 2024. See also the Meriten project, **page 50**.



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Directors' report

The Board of Directors and CEO of Magnolia Bostad AB (pub), CIN 556797-7078, hereby submit the annual report and consolidated financial statements for the financial year 01/01/2022-31/12/2022.

The business in general

Parent company

The parent company, Magnolia Bostad AB, which is domiciled in Stockholm, has one (1) employee and conducts its business through the acquisition, ownership and management of subsidiaries in the housing industry.

The Group

The Group conducts operations in the housing industry related to tenant-owned apartments and rental apartments, community service properties and hotels. Production is procured externally. Property management is conducted until project development can begin. Since the end of 2018, the Group has owned properties for its own long-term management.

Significant events in the Group during the financial year

During the year, Magnolia Bostad agreed the acquisition of 1,690 (3,611) estimated building rights, the number of production-started residential units amounted to 949 (1,615) and 60 (800) residential units were sold during the period.

Business concept, targets and strategy

Magnolia Bostad is an urban developer that develops and manages attractive and sustainable living environments with good profitability.

Financial overview

Amounts in SEK m unless otherwise specified	2022	2021	2020	2019	2018
Net sales	569	1,268	2,358	896	1,054
Gross profit/loss	-226	151	594	30	147
Operating profit/loss	-747	260	906	366	164
Profit/loss after financial items	-929	75	725	194	22
Net profit/loss for the year	-863	50	688	157	7
Interest coverage ratio (multiple)	neg	0.8	4.1	1.4	0.7
Balance sheet total	6,908	6,219	5,297	4,067	3,605
Equity	2,245	2,406	1,733	1,141	1,093
Equity/assets ratio (%)	32.5	38.7	32.7	28.1	30.3
Return on equity, %	neg	3.6	49.4	13.2	1.0
Earnings per share after tax, SEK	-20.89	1.59	17.40	3.41	0.26
Earnings per share after full dilution, SEK	-20.89	1.59	17.40	3.41	0.26
Equity per share, SEK	58.89	44.34	42.95	27.55	24.77
Earnings per share, SEK1)	0	0	0	2.00 ²⁾	0
Number of outstanding shares	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283
Number of outstanding shares after full dilution	37,822,283	37,822,283	37,822,283	37,822,283	37,822,283

¹⁾ Refers to the Board's proposed dividend for each financial year

²⁾ It was decided at an Extraordinary General Meeting in the autumn of 2020 to pay a dividend for the 2019 financial year.

For information about alternative KPIs, see **page 113**.

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Business concept, targets and strategy

At least 6,000 completed residential units for self-management. This includes Magnolia Bostad's sole ownership and the company's ownership interest in JVs.

The equity/assets ratio for the Group must be at least 30%. The equity/assets ratio at the end of the year was 32,5% (38.7).

As of December 31, 2022, Magnolia Bostad was active in the areas of rental accommodation, tenant-owned apartments, community service property and hotels. Magnolia Bostad develops properties for both sales and self-management. Developments should be in growth locations with good long-term demographic conditions. Production starts when demand is guaranteed.

Legal structure

The Magnolia Bostad Group consisted, apart from holdings reported according to the equity method, per 31 December 2022 of 289 companies (303).

Organization

Magnolia Bostad's organization is divided into the following departments: Business Development, Project Development, Business Generation, Magnolia Architects, Marketing and Communication, Legal and Finance. As of 31 December 2022, the company's organization consisted of 104 employees (115), of which 46 women (57) and 58 men (58) at offices in Stockholm, Norrköping, Göteborg, Malmö and Umeå.

Sustainability

Magnolia Bostad has a clear focus on ensuring that all projects are financially, socially and environmentally sustainable. The housing the company develops should be sustainable today and for generations to come. Therefore, the company has a clear focus on sustainable material choices and social safety. A fundamental prerequisite for the company's growth and profitability is to consider long-term sustainability and integrate the issues into each part of the business. In accordance with Chapter 6, section 11 of the Annual Accounts Act, Magnolia Bostad AB (publ) has chosen to prepare its statutory sustainability report as a separate report from the annual report. The sustainability report was submitted to the auditor along with the annual report. The sustainability report can be found on pages 13–29 and 114–125.

Ownership structure

Since September 2021, Magnolia Bostad AB has been owned by HAM Nordic AB, which is jointly controlled by the Holmström Group and funds and entities managed and advised by Areim AB.

Earnings, financial position and cash flow

The Group

Net sales for the financial year amounted to SEK 569 m (1,268) and consisted mainly of sales of development and project properties. During the year Magnolia Bostad has recognized revenue for 60 residential units, compared with 800 residential units last year.

The operating loss amounted to SEK 747 m (260) and includes changes in the value of investment properties of SEK -230 m (128).

During the year, Magnolia Bostad carried out cost savings which resulted in costs for central administration being reduced to SEK -98m (-107).

Net financial items amounted to SEK –182 m (–185). The group's interest costs have increased as a result of interest rate increases and increased loan volume, while interest-bearing deposits to JV companies have increased. The loss after tax for the full year amounted to SEK 863 m (50). Tax expenses amounted to SEK 67 m (–25) and consisted of deferred tax on temporary differences in investment properties as well as capitalized deficit contributions.

The balance sheet total rose by SEK 689 m to SEK 6,908 m (6,219). The Group's equity as of 31 December 2022 amounted to SEK 2,245 m (2,406) with an equity/asset's ratio of 32.5% (38.7). Equity attributable to non-controlling interests amounted to SEK 18 m (89). For 2022, the return on equity was negative (3.6%).

Total interest-bearing loans as of 31 December 2022 amounted to SEK 3,021 m (2,155). Interest-bearing net liabilities, after deductions for cash and cash equivalents of SEK 772 m (233), amounted to SEK 2,249 m (1,922). At the end of the year, Magnolia Bostad's average interest rate was 8.3% (6.7) with a negative interest coverage ratio (0.8). The average tied-up capital period, excluding deposits and the overdraft facility, amounted to 2.3 years (2.9) as of 31 December 2022.

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The consolidated cash flow from operating activities amounted to SEK –404 m (-288), cash flow from investment activities was SEK –465 m (-303) and cash flow from financing activities was SEK 1,408 m (547). Cash and cash equivalents as of 31 December 2022 stood at SEK 772 m (233). In addition to cash and cash equivalents, there was unutilized credit of SEK 726 m (123) as of 31 December 2022.

Parent company

The parent company's loss after financial items amounted to SEK –19 m (-109). The balance sheet total was SEK 3,534 m (2,429). The equity/assets ratio in the parent company was 45.2% (40.4).

The project portfolio

The total number of estimated building rights in the portfolio as of 31 December 2022 was 18,828 (20,112). In 2022, 60 residential units were sold from one project, compared with 800 units from 5 projects in 2021. During the year, 6 projects consisting of 901 residential units were completed, whereof three projects are for self-management, compared with 7 projects of 1,045 units last year.

Auditors

At the Annual General Meeting on 28 April 2022, the auditing company Ernst & Young AB was re-elected as the company's auditor for the period until the end of the 2023 Annual General Meeting.

Corporate governance and the work of the Board

Magnolia Bostad is a Swedish limited liability company with its registered office in Stockholm. The corporate governance is based on the Articles of Association, the Swedish Companies Act, the Annual

Accounts Act, Nasdaq's regulations for issuers, the Swedish Code of Corporate Governance and further applicable laws and regulations.

The 2022 Annual General Meeting took place on 28 April 2022. One shareholder attended the meeting and represented 100 % of the votes (66.8). Fredrik Holmström was elected chairman of the meeting.

The 2022 Annual General Meeting resolved on the following:

- Adoption of the income statement and balance sheet for the financial year 2021 and appropriation of profits.
- Granting of discharge from liability for the members of the Board and the CEO for the financial year 2021.
- Adoption of remuneration to the auditors and that no board fee shall be paid to the board members.
- Re-election of the Board members Erika Olsen, Johan Bengtsson, Therese Rattik, Erik Rune, Fredrik Tibell and Fredrik Holmström and reelection of Leif Andersson as deputy.
- Fredrik Holmström was elected Chairman of the Board.
- Re-election of the auditing company Ernst & Young AB as auditor. The authorized public accountant Fredric Hävrén was appointed chief auditor.

All decisions apply until the end of the next Annual General Meeting.

The Board's rules of procedure include information on the division of responsibilities between the Board, the

Chairman and the CEO. The Board is responsible for the company's organization and management. The Board's work follows an annual meeting plan with a fixed structure for the agenda at each Board meeting. Where necessary salaried employees attend Board meetings to hold presentations. Magnolia Bostad's corporate governance and the Board's work are set out in the Corporate Governance Report.

Events after the end of the period

No significant events have occurred after the end of the period.

Proposed appropriation of company profits

The following is available to the Annual General Meeting, SEK:

Share premium reserve	180,323,859
Profit/loss carried forward	1,350,317,540
Net profit/loss for the year	-86,332,288

Total **1,444,309,111**

The Board proposes:

To be carried forward	1,444,309,111
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Total **1,444,309,111**

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Risk management

Magnolia Bostad monitors and manages the various risks that arise in conjunction with its operations on an ongoing basis and takes them into account when determining the focus of the business, making business decisions and establishing procedures.

It is the company's belief that an active risk management through skilled employees and good procedures does not simply identify risks in time but also contributes to higher profitability. Magnolia Bostad's risks are divided into three main types: (1) external risks, (2) operative risks and (3) organizational risks.

The risk evaluation is based on an overall assessment of the probability of the risk occurring and the impact if the risk occurs.

External risks

Climate change
Risk assessment: low
Description: Climate change can lead to building in certain places becoming more difficult/impossible or communities needing to be developed in a different way. There is a risk of projects becoming more expensive to insure or finance. Climate change affects us with both acute and long-term physical risks, ranging from extreme weather to the risk of the sea level rising. Adjustment risks affect us through increased costs or lack of resources as a result; see Resource shortage under External risks.

Management: The company currently analyses factors linked to the climate that need to be investigated in projects. The company is now developing its review

of climate-related risks and its financial impact in accordance with the TCFD (Task Force on Climate-Related Financial Disclosures).

Competition
Risk assessment: Medium
Description: Magnolia Bostad operates in a competitive industry. Competitors may become more numerous and stronger in future, for example due to mergers, new strategies and/or enhanced financial opportunities.

Management: Through competition analyses at both the regional and local levels and constantly striving to refine Magnolia Bostad's business model.

Legal risk
Risk assessment: low
Description: The business is regulated by a large number of laws and regulations as well as by various processes and decisions related to these regulations, at both political and official level. In addition to these being subject to change, it is important that the company has interpreted the laws and regulations correctly.

Management: Together with the company's legal advisers, developments are followed and changes in laws are monitored. The company follows the case law concerning the company's business areas. In addition, there is an ongoing dialogue with municipalities and authorities.

Macroeconomic factors
Risk assessment: medium
Description: The property industry is greatly affected

by macroeconomic factors such as overall economic development, regional economic development, population growth, rate of production, etc.

Management: Through ongoing macroeconomic analysis and business planning of which municipalities and districts have favourable/unfavourable future conditions. By locking commercial terms early or via framework agreements.

Opportunity to sell projects
Risk assessment: medium
Description: The business largely consists of the new production of residential properties in Sweden's growth areas. Magnolia Bostad is dependent on its ability to meet the market's demand in order to be able to sell projects successfully.

Management: Through continuous market analysis, rules for when production may begin and breakdown of projects into stages.

Planning process risk
Risk assessment: low
Description: Risk that the company will not be able to obtain a zoning plan for the construction of housing in agreements entered for the acquisition of land, or that this is severely delayed.

Management: Soil conditions including special conditions such as stormwater treatment, rare wildlife, archaeological discoveries, environmental aspects and others may halt plans or make them more expensive. Careful due diligence and agreements subject to the corresponding risks reduce exposure. Risks relating to politics and bureaucracy are primarily risks of de-

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lay, but they can also affect whether a plan can be obtained. Networking and good relationships with municipalities can reduce these risks.

Shortage of resources

Risk assessment: medium
Description: The level of activity in the housing market, as well as various external threats, can cause rising construction prices and problems in securing production resources. Municipalities also risk suffering from a lack of resources, which may lead to longer processing times in terms of planning processes and municipal housing projects.

Management: The business model largely secures income before the project is started and costs are procured as turnkey contracts at a fixed price. The company works with different types of warranty solutions and in long-term partnerships and can therefore secure the necessary resources at an early stage.

Reduction in valuation of properties

Risk assessment: low
Description: Risk that the market value of development properties on the balance sheet is lower than the book value.

Management: An impairment test is performed upon indications of impairment. If the net realizable value is less than the book value, a write-down is made.

Operational risks

Business models and projects

Risk assessment: medium
Description: Operations consist primarily of property development projects, which is why it is a prerequisite that these projects can be implemented profitably.

Management: The projects are based on detailed financial calculations in the project governance system, which are monitored on a regular basis. Price risk is managed by the business model, as part of which income is to a large extent secured before the project is started, and costs are largely tendered at a fixed price.

Work environment risks for construction companies' employees

Risk assessment: low
Description: Magnolia Bostad has no employees in construction companies, but it is important for the business to ensure a good working environment. The Magnolia Bostad brand is also indirectly affected if the company's contractors do not have a safe working environment.

Management: Magnolia Bostad sets clear requirements for the working environment in the turnkey contract agreements. These requirements are followed up on at project construction meetings, and are stated in the company's Code of Conduct, which is attached to all turnkey contracts. Magnolia Bostad performs an audit of turnkey contracts every year where the work environment is audited.

Incorrect workloads and ill health

Risk assessment: low
Description: Incorrect workloads can lead to ill health and stress-related illnesses.

Management: The company works preventively through conversations and adjustment of workloads by all managers undergoing work environment training. All employees are covered by health insurance and rehabilitation insurance. To promote health and well-being, all employees are offered wellness grants and group training.

Corruption

Risk assessment: low
Description: Unethical actions or poor management of business ethics risks may damage the company both operationally, financially and in terms of reputation.

Management: Magnolia Bostad works preventively against bribery and corruption through the company's various Codes of Conduct for employees, suppliers and other partners. Magnolia Bostad has a whistle-blower function that is available on the company's website and Intranet where suspected violations must be reported. The company also has a policy for the management of conflicts of interest.

Environmental risks

Risk assessment: low
Description: The environmental impact on nature and ecosystems when developing housing and communities can be huge.

Management: The company works on the basis of a life- cycle analysis where the environmental impact

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is identified and managed at each step. All projects must be certified in accordance with the Swedish Green Building Council's silver certification, the Nordic Swan Ecolabel or an equivalent standard. The company also places demands on its contractors through agreements, environmental policies and Codes of Conduct.

Key personnel

Risk assessment: low
Description: Magnolia Bostad is dependent on the knowledge, skills and experience of key personnel. It is therefore important to keep and, where required, recruit key personnel.

Management: Ensure on an ongoing basis that the necessary expertise is available and the extent to which expertise needs to be recruited or engaged. Work with continuous skills transfer. Actively strive to make the company an attractive employer.

Risk of change in the value of investment properties

Risk assessment: Medium
Description: The value of investment properties is affected by several factors, including occupancy rate,rent level and operating costs. In addition, it is also affected by market factors such as yield requirements and discount rates. Changes in the value of investment properties affect the financial position and earnings.

Management: Market analysis to ensure the assumptions are correct. At the time of quarterly reports,internal valuations are made of all investment properties. External valuations are obtained during the first valuation of an investment property and continuously

during the year for existing investment properties to ensure that valuation assumptions are correct.

Transaction risks

Risk assessment: medium
Description: Property transactions which are associated with uncertainty and risks are carried out on an ongoing asis. Such risks can include unforeseen land conditions, legal issues, financial commitments, government decisions and the management of tenants.

Management: In conjunction with acquisitions, due diligence is carried out, including a legal analysis of existing documentation, review of soil conditions and technical deficiencies, the timing of the acquisition, assessment of the companies, understanding of the tax situation etc. Sales require, among other things, expertise in the guarantees that are normally provided. In addition to its own staff, the company employs external advisers when needed, to ensure the right expertise in both purchasing and sales.

Financial risks

Financing risk

Risk assessment: medium
Description: If financing for acquisitions or development cannot be obtained, extended, expanded, refinanced or if such loans only can be obtained at unfavourable terms. Risk of change in margin in the event of refinancing or new financing.

Management: The company has an equity/assets ratio target that must be followed. Furthermore, the company is responsible for the regular follow-up of

special commitments upon which the loans may be conditional. The company also maintains an ongoing dialogue with a number of credit issuers.

Credit risk

Risk assessment: low
Description: There is a risk of not being paid for the apartments or properties as agreed.

Management: In rental apartment transactions, the counterparty shall be well-established and selected after careful consideration, and when selling tenant-owned apartments, diversification is achieved because there are many different types of buyers.

Liquidity risk

Risk assessment: medium
Description: If cash and cash equivalents are not available to pay current costs, investments and amortization payments on their due dates.

Management: Ongoing forecasting of future cash flows based on different scenarios to ensure that financing is arranged in time.

Interest rate risk

Risk assessment: medium
Description: Changes to market interest rates affect the borrowing cost.

Management: Interest rate expense is a significant cost for Magnolia Bostad, and prior to each financing transaction the risk that interest rates may change is included in the calculation.

Consolidated Income Statement

Amounts in SEK m	Note	2022 Jan-Dec	2021 Jan-Dec
Net sales	5, 6	569	1,268
Production and operating costs	11	-795	-1,117
Gross profit/loss		-226	151
Central administration	8, 9	-98	-107
Profit/loss from participations in associated companies and joint ventures	10	-193	88
- of which net operating income		13	5
- of which other income and cost		-35	-1
- of which changes in value		-90	166
- of which financing costs		-96	-44
- of which tax		14	-41
- of which results from disposals		-	3
Change in value, investment properties	19	-230	128
Operating profit/loss	7, 9, 11	-747	260
Financial income	12	19	5
Financial expenses	13	-201	-190
Profit/loss before tax		-929	75
Income tax	14	67	-25
NET PROFIT/LOSS FOR THE PERIOD		-863	50
Profit/loss attributable to			
Parent company shareholders		-790	60
Non-controlling interests		-73	-10
Earnings per share (SEK)	15		
Before dilution effects		-20.89	1.59
After dilution effects		-20.89	1.59

Consolidated Statement of Comprehensive Income

Amounts in SEK m	2022 Jan-Dec	2021 jan-dec
Net profit/loss for the period	-863	50
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		
Total other comprehensive income	0	0
COMPREHENSIVE INCOME FOR THE PERIOD	-863	50
Comprehensive income attributable to		
Parent Company shareholders	-790	60
Non-controlling interests	-73	-10

Comments on the consolidated income statement

Net sales amounted to SEK 569 m (1,268) and the operating loss was SEK 747 m (260). The loss before tax for the period amounted to SEK 929 m (75).

Net sales are mainly accounted for by building rights sales, invoicing to sold projects and a sold project of 60 residential units. Net property sales amounted to SEK 206 m (938). Rental income amounted to SEK 19 m (19). Operating expenses for properties that generate rental income amounted to SEK -11 m (-12), which means that their contribution to the operating profit amount to SEK 8 m (7). Revenue from project management services amounted to SEK 49 m (59), other invoicing on projects and other revenue contributed SEK 295 m (252) to sales.

During the year, Magnolia Bostad implemented cost savings, which explains the reduction in costs for central administration, which amount to SEK -98 m (-107). Profit from associated companies amounted to SEK -193 m (88), affected by negative changes in the value of properties in jointly

owned JVs and financing costs. Changes in value of investment properties in own books amount to SEK -230 m (128), where increased yield requirements and Court of Appeal rulings regarding presumptive rent are the primary negative drivers, while project development contributed SEK 106 m in positive value change.

Net financial items

Net financial items amounted to SEK -182 m (-185). The Group's interest costs have increased as a result of interest rate increases and increased loan volume at the same time that interest-bearing deposits to JVs have increased.

Profit/loss for the year

The loss for the year amounted to SEK 863 mkr (+50) and included 67 m (-25) in income tax. The income tax reported for the year refers to deferred tax on temporary differences for investment properties as well as capitalized loss carry forwards.

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Consolidated Statement of Financial Position

Amounts in SEK m	Note	2022 31 Dec	2021 31 Dec
ASSETS			
Non-current assets			
Goodwill	16	6	6
Other intangible assets	17	1	1
Total intangible assets		7	7
Investment properties	19	2,489	2,276
Right of use assets	7	49	55
Machinery and equipment	18	4	7
Total property, plant and equipment		2,541	2,338
Shares in associated companies and joint ventures	20	515	607
Receivables from associated companies	35	192	159
Other securities held as non-current assets	21	–	31
Other long-term receivables	22	910	1,179
Total financial assets		1,618	1,976
Total non-current assets		4,166	4,320
Current assets			
Development and project properties	23	1,348	810
Tenant-owned apartments		4	4
Accounts receivable	24	17	16
Receivables from associated companies	35	149	217
Other receivables	25	439	608
Prepaid expenses and accrued income	26	13	11
Cash and cash equivalents	27	772	233
Total current assets		2,742	1,899
TOTAL ASSETS		6,908	6,219

Comments on the Consolidated Statement of Financial Position

The Group's balance sheet total increased to SEK 6,908 m, compared with SEK 6,219 m at the start of the year. Properties held for long-term management are reported as investment properties and totalled SEK 2,489 m (2,276).

Long-term and current receivables from associated companies and JVs decreased by SEK 35 m to SEK 341 m (376).

Of long-term and other receivables totalling SEK 1,349 m (1,787) SEK 1,172 m (1,605) was receivables from buyers of projects, primarily from our partners and large Swedish institutions, while SEK 110 m (118) related to deposits paid for future property acquisitions. Within the next 12 months, the Group is expected to receive SEK 370 m (515) of total receivables from buyers of the projects including amortization of promissory notes, payment of additional purchase price, final purchase price and forward funding.

Development and project properties increased as a consequence of continued investments in the building rights portfolio during the first half of the year as well as reclassifications of projects that were previously intended to be developed for self- management. It has also decreased as a result of project and construction rights sales as well as write-downs of certain projects due to the prevailing market situation. Development and project properties have in total increased by SEK 538 m and amounted to SEK 1,348 m (810).

Shares in associated companies and JVs rose by SEK 92 m to SEK 515 m (607), mainly affected by negative changes in the value of properties in jointly-owned JVs and financing costs.

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Consolidated Statement of Financial Position

Amounts in SEK m	Note	2022 31 Dec	2021 31 Dec
EQUITY AND LIABILITIES	1		
Equity	28		
Share capital		151	151
Other capital contributions		1,528	823
Retained profits incl. net profit/loss for the period		548	1,342
Equity attributable to Parent Company shareholders		2,227	2,317
Non-controlling interests		18	89
Total equity		2,245	2,406
Non-current liabilities			
Deferred tax liability	29	27	94
Non-current interest-bearing liabilities	30	2,515	2,025
Non-current liabilities to associated companies	35	24	22
Non-current lease liabilities	7	36	43
Other long-term liabilities	30	906	587
Total long-term liabilities		3,507	2,771
Current liabilities			
Current interest-bearing liabilities	30	506	130
Current lease liabilities	7	18	16
Accounts payable		33	27
Liabilities to associated companies	35	11	24
Income tax liabilities		0	0
Other current liabilities	30	402	674
Accrued expenses and deferred income	31	185	171
Total current liabilities		1,155	1,042
TOTAL EQUITY AND LIABILITIES		6,908	6,219

Comments on the Consolidated Statement of Financial Position

Equity and equity/assets ratio

As of 31 December 2022, consolidated equity amounted to SEK 2,245 m (2,406) with an equity/assets ratio of 32.5 % (38.7). Of the Group's equity, SEK 18 m (89) is attributable to non-controlling interests.

During 2022, Magnolia Bostad received new capital contributions in the form of unconditional shareholder contributions of SEK 700 m. Hybrid loans obtained in 2021 of SEK 640 m were converted into unconditional shareholder contributions during the year.

Investments in properties for self-management and for sale increased the total assets.

Interest-bearing liabilities

Total interest-bearing loan liabilities, including interest-bearing deposits amounted to SEK 3,021 m (2,155). The majority of Magnolia Bostad's liabilities consist of bonds with a book value of SEK 1,411 m, project-related liabilities of SEK 692 m, shareholder loans of SEK 313 m as well as promissory notes of SEK 408 m.

Repayment for project-related liabilities is made at the time of Magnolia Bostad's handover, or at the time of final payment being received from buyers upon project completion.

The remaining interest-bearing liabilities are made up of deposits received of SEK 60 m and secured property loans of SEK 137 m. The overdraft facility of SEK 50m was unused at the end of the year. The average tied-up capital period, excluding deposits, amounted to 2.3 years as of 31 December, 2022 compared to 2.9 years as of 31 December, 2021.

After deduction for cash and cash equivalents of SEK 772m (233), interest-bearing net liabilities amounted to SEK 2,249m (1,922). Receivables from buyers amount to SEK 1,172m (1,605), interest-bearing net liabilities after deduction for receivables from buyers amount to SEK 1,077m (317).

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Consolidated Cash Flow Statement

Amounts in SEK m	Note	2022 Jan-Dec	2021 Jan-Dec
Operating activities	1		
Profit/loss after financial items		-929	75
<i>Adjustments for non-cash items, etc</i>			
Less share of profit/loss from associated companies and joint ventures		193	-88
Retained dividend from associated companies		3	20
Depreciation/amortization and impairment of assets		119	27
Fair value changes, investment properties		230	-128
Capital gains/losses from the sale of development properties		27	-206
Profit from sale of other long-term securities		-5	-
Other provisions		-	-
Other profit/loss items that do not affect liquidity		9	12
Income tax paid		0	0
Cash flow from operating activities before changes in working capital		-353	-288
Decrease (+)/increase (-) of development and project properties		-571	-432
Decrease (+)/increase (-) in current receivables		641	292
Decrease (+)/increase (-) in current liabilities		-122	141
Cash flow from operating activities		-404	-288
Investing activities			
Acquisition of intangible fixed assets		-	-1
Acquisition of investment properties		-395	-394
Acquisition of machinery and equipment		-	-1
Disposal of investment properties		-	-
Investment in financial assets		-	142
Disposal/reduction of financial assets		-105	-53
Cash flow from investing activities		35	4
Financing activities		-465	-303

Amounts in SEK m	Note	2022 Jan-Dec	2021 Jan-Dec
Shareholder contribution			
Reciency of hybrid loan		700	-
Contribution from non-controlling interest		-	640
Repurchase of warrants		-	17
Borrowings		-	-4
Repayment of borrowings		1,004	1,170
Dividend paid to parent company's owner		-277	-1,229
Dividend paid to minority interest		-19	-18
Acquisition of non-controlling interests		-	-29
Cash flow from financing activities		-	0
Cash flow for the period		1,408	547
Cash and cash equivalents at the beginning of the period		539	-44
Cash and cash equivalents at the end of the period		233	277
Likvida medel vid periodens slut		772	233

Interest received amounted to SEK 11 m (7). Interest paid amounted to SEK -172 m (-176).

Comments on the Consolidated Cash Flow Statement

The cash flow from operating activities amounted to SEK -404 m (-288). The cash flow for the period was affected by investments in the project portfolio. The cash flow for the period from operating activities excluding investments and other changes in development and project properties, amounted to SEK167 m (144).

In conjunction with the handover, Magnolia Bostad receives forward funding for the projects, which means that Magnolia Bostad is paid for investments made up until handover. Often, a part of the project's profit is received at the handover. The remainder of

the project's profit is received at the time of the project's completion.

The cash flow from investment activities amounted to SEK -465 m (-303) and was affected by investments in investment properties of SEK-395 m (-394). The cash flow from financing activities amounted to SEK 1,408 m (547).

Cash and cash equivalents as of 31 December 2022 amounted to SEK 772 m compared with 233 m 31 December 2021. In addition to cash and cash equivalents, unutilized credit facilities of SEK 726 m (123) were available as of 31 December 2022, of which SEK 50 m was unutilized overdraft facilities.

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Consolidated Statement of Changes in Equity

Amounts in SEK m	Share capital	Other capital contributions	Reserves	Retained profits incl. net profit/ loss for the year	Non-controlling interests	Total equity
Opening equity 2021/01/01	151	187	–	1,286	109	1,733
Dividend	–	–	–	60	–10	50
Shareholder contributions	–	–	–	–	–	–
Reciprocity of Hybrid loan						
Repurchase of warrants	–	–	–	–	–29	–29
Acquisition of non-controlling interests	–	–	–	–	17	17
Issue of warrants	–	640	–	–	–	640
Net profit/loss for the period	–	–4	–	–	–	–4
Other comprehensive income	–	–	–	–3	3	0
Closing equity 2021/12/31	151	823	–	1,342	89	2,406

Amounts in SEK m	Share capital	Other capital contributions	Reserves	Retained profits incl. net profit/ loss for the year	Non-controlling interests	Total equity
Opening equity 2022/01/01	151	823	–	1,342	89	2,406
Dividend	–	–	–	–790	–73	–863
Redemption of Hybrid loan	–	–	–	0	0	0
Shareholder contributions						
Net profit/loss for the period	–	–	–	–5	–	–5
Other comprehensive income	–	–640	–	–	–	–640
Closing equity 2022/12/31	–	1,345	–	–	–	1,345
Utgående eget kapital 31/12/2022	151	1,528	–	548	18	2,245

For more information, see note 28 –Share capital and other contributed capital.

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Parent Company Income Statement

Amounts in SEK m	Note	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Net sales	5, 6	29	18
Total income		29	18
Central administration	7, 8, 9	-51	-49
Operating profit/loss	11	-22	-31
Profit/loss from participations in associated companies	10	0	3
Financial income	12	144	81
Financial expenses	13	-141	-162
Profit/loss after financial items		-19	-109
Tax on profit/loss for the period		-67	-3
Group contributions	14	0	0
NET PROFIT/LOSS FOR THE PERIOD		-86	-112

Parent Company Statement of Comprehensive Income

Amounts in SEK m	Note	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Net profit/loss for the year		-86	-112
Other comprehensive income		0	0
COMPREHENSIVE INCOME FOR THE year		-86	-112

Parent Company Balance Sheet

Amounts in SEK m	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Participations in Group companies	34	102	89
Receivables from Group companies	35	0	39
Participations in associated companies		22	0
Total non-current assets		124	128
Current assets			
<i>Current receivables</i>			
Receivables from Group companies	35	3,010	2,213
Receivables from associated companies	35	0	28
Other receivables	25	4	1
Prepaid expenses and accrued income	26	0	0
Total current receivables		3,014	2,242
Cash and bank balances	27	396	59
Total current assets		3,410	2,301
TOTAL ASSETS		3,534	2,429

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Parent Company Balance Sheet (cont.)

Amounts in SEK m	Note	31/12/2022	31/12/2021
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	28	151	151
Total restricted equity		151	151
<i>Non-restricted equity</i>			
Share premium reserve		180	820
Profit/loss carried forward		1,350	123
Net profit/loss for the year		-86	-112
Total non-restricted equity		1,444	831
Total equity		1,596	982
Liabilities			
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	30	1,411	1,337
Total non-current liabilities		1,411	1,337
<i>Current liabilities</i>			
Interest-bearing shareholder loans	30	373	-
Accounts payable		1	0
Liabilities to Group companies	35	125	90
Other current liabilities		1	0
Accrued expenses and deferred income	31	29	20
Total current liabilities		528	110
Total liabilities		1,939	1,447
TOTAL EQUITY AND LIABILITIES		3,534	2,429

Parent Company Cash Flow Statement

Amounts in SEK m	01/01/2022 31/12/2022	01/01/2021 31/12/2021
Operating activities		
Profit/loss after financial items	-19	-112
Adjustments for non-cash items, etc.		
Dissolution of setup fees	7	12
Other	0	17
Tax paid	0	0
Cash flow from operating activities before changes in working capital	-12	-83
Cash flow from changes in working capital		
Decrease(+)/increase(-) in current receivables	-835	-488
Decrease(+)/increase(-) in current liabilities	51	-59
Cash flow from operating activities	-796	-630
Investing activities		
Sales/reduction of financial assets	0	0
Change in long-term receivables	0	0
Cash flow from investing activities	0	0
Financing activities		
shareholder contributions	700	-
Borrowings	668	719
Repayment of borrowings	-234	-701
Hybrid loan received	-	640
Buy-back of warrants	-	-4
Cash flow from financing activities	1,134	654
Cash flow for the year	338	24
Cash and cash equivalents at the beginning of the year	59	35
Cash and cash equivalents at the end of the year	396	59

Interest received amounted to SEK 7 m (11). Interest paid amounted to SEK -132 m (-148).

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Parent Company Statement of Changes in Equity

Amounts in SEK m	Share capital	Share premium reserve	Retained profits incl. net profit/loss for the year	Total equity
Opening equity 01/01/2021	151	185	123	458
Net profit/loss for the year	–	–	–112	–112
Other comprehensive income	–	–	0	0
Transactions with owners				
Buy-back of warrants	–	–4	0	–4
Hybrid loan received	–	640	0	640
Closing equity 31/12/2021	151	820	10	982

Amounts in SEK m	Share capital	Share premium reserve	Retained profits incl. net profit/loss for the year	Total equity
Opening equit 01/01/2022	151	820	10	982
Net profit/loss for the year	–	–	–86	–86
Other comprehensive income	–	–	0	
Transactions with owners				
Redemption of hybrid loans	–	–640	–	–640
Received shareholder contributions	–	–	1,345	1,345
Interest on hybrid loan	–	–	–5	–5
Closing equity 31/12/2022	151	180	1,264	1,596

For more information, see note 28.

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About the company in general
Magnolia Bostad AB, org. no. 556797-7078, with its registered office in Stockholm, is a subsidiary of HAM Nordic AB, org. no. 559279-7376, based in Stockholm, Sweden. The annual report and consolidated accounts have been approved by the Board of Directors on 4 April 2023 and will be submitted to the Annual General Meeting for approval on 27 April 2023.

The Parent Company in the largest group to which Magnolia Bostad AB is a subsidiary and where consolidated accounts are prepared, is HAM Nordic AB org. no. 559279-7376, based in Stockholm. Magnolia Bostad AB's head office is located at Sturegatan 6, Box 5853, 102 40 Stockholm.

Applied regulations
The consolidated accounts were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the IFRS Interpretations Committee as adopted by the EU. Furthermore, the consolidated accounts were prepared in accordance with Swedish law and the Swedish Financial Reporting Board's recommendation RFR1, Supplementary Accounting Rules for Corporate Groups.

The Parent Company applies the same accounting principles as the Group with the exception of the cases set out below in the section entitled "Parent Company accounting principles". Deviations that arise between the Parent Company and the Group principles are the result of limitations to the

possibilities for applying IFRS in the Parent Company due to the Annual Accounts Act and, in some cases, applicable tax regulations.

Conditions for the preparation of the financial statements for the Parent Company and the Group
The Parent Company's functional currency is SEK, which is also the reporting currency for the Parent Company and the Group. All amounts, unless stated otherwise, are rounded to the nearest million. Assets and liabilities are reported at cost, with the exception of some financial assets and liabilities that in the Consolidated Statement of Financial Position are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments and securities, measured at fair value via the consolidated income statement.

The Group's accounting principles have been applied consistently to the accounts and consolidation of the Parent Company and subsidiaries.

Classification
Non-current assets and liabilities in the Parent Company and Group consist only of amounts that are expected to be recoverable or paid later than twelve months from the balance sheet date while current assets and liabilities in the Parent Company and the Group consist only of amounts that are expected to be recoverable or paid within twelve months from the balance sheet date.

Input data for measurements at fair value
Level 1 Listed, unadjusted, prices on active markets for identical assets or liabilities that the company has access to at the date of measurement.
Level 2 Other input data than the listed prices that are included in Level 1, which are directly or indirectly observable for assets and liabilities.
Level 3 Input data at Level 3 are non-observable input data for assets and liabilities.

Consolidated financial statements
The consolidated income statement and balance sheet encompass all companies in which the Parent Company directly or indirectly holds more than half of the share's voting rights as well as companies in which the Group in any other way has a controlling influence.

The financial statements for the Parent Company and the subsidiaries that are included in the consolidated financial statements refer to the same period and are prepared in accordance with the accounting principles that apply to the Group. A subsidiary is included in the consolidated financial statements as of the date of acquisition, which is the date the Parent Company acquires a controlling influence, normally more than 50% of the votes, and is included in the consolidated financial statements until the date on which the controlling influence ceases. Intra-Group transactions and any associated profit/loss are eliminated.

Business combinations vs. asset acquisitions
The acquisition of companies can be classified as either a business combination or an asset acquisition. The assessment is made on a case-by-case basis per acquisition. Company acquisitions, the primary purpose of which is to acquire the company's property and where the company's management organization and administration is of subordinate importance for the acquisition, are classified as asset acquisitions. Other company acquisitions are classified as business combinations.

The difference between the cost of a business combination and the acquired share of net assets in the acquired operations is classified as goodwill and reported as an intangible asset in the balance sheet. Goodwill is measured at cost less accumulated write-downs.

Goodwill is distributed among cash-generating units following an annual impairment test in accordance with IAS 36. Transaction costs are expensed directly to the period's profit/loss. When acquiring assets, the cost is distributed among the acquired net assets in the acquisition analysis.

The percentage of equity attributable to owners with a non-controlling influence (previously referred to as minority holding) is reported as an individual item under equity separate from the share of equity of the Parent Company's owner. A special note is also provided regarding their share of the period's profit/loss.

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Joint arrangements are classified as either joint operations or joint ventures. Joint operations are joint arrangements in which Magnolia Bostad is entitled to the joint operations' assets and obligations for liabilities and reports its share of income and expenses item-by-item in the consolidated financial statements. Magnolia Bostad currently does not have any companies that are considered joint operations.</p> <p>Joint ventures, on the other hand, are arrangements in which Magnolia Bostad is entitled to the net assets and the investment is reported using the equity method (see the section on associated companies below). Assets (including any goodwill and fair value adjustments) and liabilities for acquired or divested joint arrangements during the year are included in the consolidated financial statements from the date on which the joint controlling influence is acquired and removed on the date on which the joint controlling influence ceases.</p>	<p>The Group's holding of participations in a company that is not a subsidiary but in which the Group exercises a significant but non-controlling influence is classified as a holding of participations in associated companies. Associated companies normally arise when the Group has more than 20% but less than 50% of the votes in the legal entity. The Group reports participations in associated companies and joint ventures in accordance with the equity method. In the event the Group acquires additional participations in the associated company, but the company remains an associated company to the Group, the previous holding is not remeasured. When participations in associated companies are divested such that the significant influence is no longer present, the entire holding is reported as divested and any gains or losses are recognized in the consolidated income statement. In the event participations are left, they are reported as Other securities.</p> <p>The equity method means that the holding is initially reported at cost. The carrying amount is increased or decreased thereafter to take into account the Group's share of profit/ loss and other comprehensive income from its joint ventures after the date of acquisition. The Group's share of profit/ loss from holdings reported under the equity method is included in consolidated profit/ loss and the consolidated share of other comprehensive income is included in other comprehensive income in the Group.</p> <p><i>Gradual acquisitions</i></p> <p>During the gradual acquisition of previous associated companies, previous holdings are remeasured at fair value and profit/loss is reported in the income statement when the controlling influence is acquired.</p>	<p><i>Elimination of transactions between Group companies</i></p> <p>Intra-Group receivables and liabilities and transactions between companies in the Group as well as related unrealized gains are eliminated in their entirety. Unrealized gains arising from transactions with associated companies and joint ventures are eliminated to the extent that the Group owns participations in the company. Unrealized gains arising as a result of transactions with associated companies are eliminated from "Participations in associated companies". Unrealized losses are eliminated in the same manner as unrealized gains such that there is no impairment requirement.</p> <p><i>Segments</i></p> <p>The identification of segments is based on the internal reporting to the highest executive decision-maker, which in Magnolia Bostad is the CEO. Since reporting to the CEO as a basis for decisions regarding the distribution of resources is made for the entire operations and not divided into geographic markets or the equivalent, Magnolia Bostad is considered to consist of only one segment.</p> <p>Revenue recognition</p> <p>Revenue recognition takes place when a performance commitment is fulfilled by transferring a promised product or service to a customer. An asset is transferred when control of the asset is transferred to the customer. When a performance commitment is met, or as a result of it being met, a company must recognize the amount of the transaction price allocated to the performance commitment.</p> <p>Magnolia Bostad develops new housing, including rental apartments, tenant-owned</p>	<p>apartments, residential care property, municipal properties and hotels. At the sale of a project, two contracts are signed with the customer: one for the sale of the project (the property) and one for the project management. Under IFRS 15, these two contracts are considered a single contract. The Group has two separate performance obligations; project management is reported over time based on the degree of completion of the project and the sale of the project (property) is reported at a point in time when control is passed to the customer. The transaction price is allocated between the two performance obligations based on independent sales pricing for project management.</p> <p><i>Revenue recognition of project management agreements</i></p> <p>Project management is reported as a performance obligation, and the revenue attributable to the project management is reported over time in accordance with the input method since control is passed over time. Under the input method, revenue is recognized on the basis of initiatives or input to meet a performance obligation in relation to the total expected input for the satisfaction of the performance obligation. Magnolia Bostad has chosen actual project costs in relation to total estimated costs for each project management agreement. This method has been chosen because costs incurred are seen as best reflecting the transfer to the customer. Costs for the project management agreement consist mainly of personnel costs and costs for <i>sub-consultants</i>.</p> <p><i>Revenue recognition of projects (property)</i></p> <p>Magnolia Bostad considers that the time of revenue recognition of projects (property) is</p>			

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The Group makes the assessment that control over the asset is passed at the point in time when there is a legally binding agreement with the purchaser and the significant risks and benefits associated with the ownership of the asset are thus passed to the purchaser.</p> <p>The transaction price contains elements of variable consideration. For rental apartment projects, hotels and residential care properties, the variable consideration is linked to the future property's rent/net operating income and area. Variable remuneration amounts are estimated at the expected value and included in the transaction price to the extent that a significant reversal at a later point in time is highly improbable. At the end of each reporting period, the estimated transaction price is updated to correctly reflect the circumstances at that point in time. The variable consideration for rents is dependent on warranties limited in time and scope linked to future rent levels/net operating income and future vacancy levels for rental apartment projects. The vacancy guarantee is updated using the current rental status.</p> <p>Variable consideration in the transaction price linked to the area consists of zoning plan risk and any risk in the turnkey contract. Planning risk is based on due diligence regarding the zoning planning work and is</p>	<p>reported as revenue when the building permit gains legal force, which is when the uncertainty surrounding planning risk ceases. The risk in the turnkey contract is considered to cease and is reported as revenue when the turnkey contract has been concluded. The Group makes an individual assessment of the expected value of any variable consideration in each individual project. Following revaluation of the projects' expected final profit/ loss, previously calculated profit in the projects concerned is adjusted and the projects are recognized as revenue or reported as a decrease in revenue in the period during which the transaction price is changed.</p> <p><i>Sale of tenant-owned apartments</i> Via the tenant-owner association, an agreement is signed with the tenant-owner on the acquisition of a right of use in the tenant-owner association corresponding to a certain apartment. Magnolia Bostad assesses that controlling influence over tenant-owner associations ends at the time when the final tenant-owners access their apartments and the tenant-ownership is consolidated until this time. Revenues and costs for tenant-owned apartment projects are reported as the apartment buyers take over the tenant-owned apartments and consist of the actual revenue for the apartment sold and the sold apartment's share of the project's total cost.</p> <p><i>Rental income</i> Rental income is reported in accordance with IFRS 16, where Magnolia Bostad is the lessor regarding operational leasing agreements. Rental income is announced in advance and reported in the period to which it is attributable, which is specified in the rental contract. The rental contract includes additional</p>	<p>charges such as invoiced property tax and heating expenses.</p> <p>Remuneration to employees and the Board of Directors Remuneration to employees in the form of salaries, paid vacation, paid absence due to illness, etc., and pensions are reported as earned.</p> <p><i>Defined-contribution pensions</i> The Group only utilizes defined-contribution pension plans. In defined-contribution plans, the company pays fixed fees to an external public or private legal entity that manages the future pension commitments. The Group's profit is debited for costs as benefits are accrued. The Group has no additional payment commitments or other obligations once the fees are paid.</p> <p><i>Compensation in case of termination</i> A provision is reported in connection with dismissal of staff only about the company is demonstrably bound to end one employment before the normal time or when compensation is provided as an offer to encourage voluntary resignation.</p> <p>Financial income and expenses Financial income consists of interest-bearing income on bank balances, receivables and financial investments. Interest income is reported using the effective interest method. When the value of a receivable classified as a loan receivable and accounts receivable or a loan liability has been impaired, the Group lowers the carrying amount to the recoverable amount, which is determined by the forecast cash flow discounted by the original effective interest rate for the instrument and continues to dissolve the</p>	<p>discounting effect as interest income. Interest income on impaired loan receivables and accounts receivable are reported at the original effective interest rate.</p> <p>Financial expenses consist of interest expenses and other costs for borrowing. Interest expenses are reported using the effective interest method. Financial expenses are reported in the period to which they relate.</p> <p>Leasing – lessor Lease agreements are classified as either finance or operating leases. Finance leases occur when the economic risks and rewards attributable to the leasing object in all material respects are transferred to the lessee. All other leases are considered to be operating leases. The Group does not have any material finance lease agreements and all lease agreements are therefore reported as operating lease agreements, which means that the lease fee is distributed on a straight line basis over the term of the lease.</p> <p>Leasing - lessee As the lessee, rights of use and leasing liabilities for the vast majority of leasing agreements are recognized in the balance sheet. Depreciation of rights of use and interest costs for leasing liabilities are reported in the income statement. In the cash flow analysis, payments attributable to the amortization of leasing liabilities are reported in financing operations and payments attributable to interest in operating activities.</p> <p>The leasing liability is valued at the acquisition date at the present value of unpaid leasing fees at the commencement date. Subsequently, the lease liability increases</p>			

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with interest costs and decreases with paid lease fees. The right of use is initially reported at acquisition value, i.e. the original value of the lease liability. The right of use then depreciates over the period of use. Leasing fees are discounted with the implicit interest rate if it can be determined otherwise the marginal loan interest rate is used are discounted by the marginal loan interest rate. The Group applies the exceptions that the standard allows for short-term leases and leases for which the underlying asset is of low value. These lease agreements are reported as other expenses. After the start date, the lease liability is revalued to reflect re-evaluations and changes to the lease agreement. The revaluation of the lease liability is adjusted against the right of use. Profits or losses attributable to changes in lease agreements are recognized in the income statement.

Taxes

Income tax consists of current tax and deferred tax. Income tax is reported in the income statement, except when the underlying transaction is reported under Other comprehensive income, or directly against Equity, whereupon the related tax effect is also reported under either Other comprehensive income or Equity.

Current tax is tax that must be paid or received for the year in question, under application of the tax rates that have been decided or in practice were decided as of the balance sheet date. This also includes adjustments to current tax attributable to previous periods.

Deferred tax is calculated in accordance with the balance sheet method and is based on temporary differences between reported

and taxable values of assets and liabilities. Deferred tax is not reported for temporary differences that arise during the initial reporting of assets and liabilities that are asset acquisitions and which at the time of the transaction affect neither reported nor taxable profit/loss. Furthermore, temporary differences are not considered to be attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future. Deferred tax is calculated using the tax rates and tax rules that have been decided or in practice are decided as of the balance sheet date.

Deferred tax assets for deductible temporary differences and loss carry-forwards are only reported to the extent that it is probable they will be used. The value of deferred tax assets is written down when it is no longer judged to be probable that they can be used.

Investment properties

Investment properties are properties held for the purpose of collecting rental income or for an increase in value or a combination of the two. Initially, investment properties are reported at acquisition cost, including costs attributable to the acquisition. Investment properties are normally reported on the balance sheet from the contract date, if the transfer from the seller is not made on a different date. If ownership of the property is transferred on a different date, this second date is used for the reporting of the investment property.

Additional expenses are only added to the carrying amount if it is probable that the future economic benefits associated with

the asset will come to the company and the acquisition value can be calculated reliably. Investment support received reduces the asset's carrying amount to a corresponding extent. Expenses for repairs and maintenance are reported in the period they occur.

Investment properties are reported at fair value on the balance sheet date. Fair value is the estimated amount that would be received in a transaction at the time of reporting between knowledgeable parties independent of each other and who have an interest in the transaction being carried out. The valuations are made at the end of each quarter and all investment properties are externally valued at least once a year. Both unrealized and realized changes in value are reported in the income statement under the heading Changes in value of investment properties in operating profit.

Income from the sale of investment properties is normally reported on the contract date if the transfer to the buyer is not made on a different date. The transfer of the asset may have occurred at a different time to the contract date. If this is the case, the revenue is reported under this other date. When assessing the revenue recognition date, consideration is given to what has been agreed between the parties regarding risks and benefits and involvement in day-to-day management.

Intangible assets

Intangible assets acquired by the company are reported at cost less accumulated amortization and impairment. Expenditure for internally generated goodwill and brands are reported in the income statement as the

costs are incurred. Additional expenditure is added to the cost of acquisition only if such expenditure increases the future economic benefits beyond the original assessment and the expenditure can be calculated in a reliable manner. All other expenditures are expensed as they are incurred.

Property, plant and equipment

Property, plant and equipment are reported as an asset in the balance sheet when, on the basis of available information, it is probable that the future economic benefit associated with the holding will flow to the company and the cost for the asset can be calculated in a reliable manner. Property, plant and equipment are reported at cost after deductions for depreciation according to plan and any write-downs.

Depreciation and amortization principles for intangible assets and property, plant and equipment

Depreciation according to plan is based on the original cost less the estimated residual value. Depreciation/amortization occurs on a straight-line basis over the estimated useful life of the asset.

Licenses	5 years
Machinery and equipment	3–5 years

Impairment losses

Carrying amounts for the company's assets are tested every balance sheet date to assess whether there is a need for impairment. If such an indication is present, the asset's recoverable amount is calculated as the higher of the value in use and the net realizable value. Impairment losses are applied if the recoverable amount is less than the carrying amount. An impairment loss is only reversed

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They are reported at the lowest of cost and net realizable value. Development and project properties are reported in their entirety when a binding agreement exists. In certain agreements on asset acquisitions, there are additional purchase payments that are payable if certain events occur in the future. These additional payments are recognized when the underlying event causing an additional payment occurs. Any tax discounts at acquisition reduce the property's cost.</p> <p>Provisions and contingent liabilities A provision is reported in the balance sheet when the company has an existing legal or informal obligation following the occurrence of an event and it is probable that an outflow of economic resources will be required to settle the obligation and it is possible to reliably estimate the amount. Where the effect of the time when the payment will occur is significant, provisions are calculating by discounting the expected future cash flow at an interest rate before tax that reflects current market conditions of the value of the money and, where appropriate, the risks associated with the debt. Provisions are retested at every period end.</p>	<p>Contingent liabilities are possible obligations that derive from the occurrence of events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent liabilities also include claims deriving from the occurrence of events, but which are not reported as a liability or provision since it is not probable that an outflow of resources will be required to settle the claim and/or it is not possible to reliably estimate the amount.</p> <p>Financial instruments A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the instrument's contractual terms and conditions. Financial assets are derecognized from the balance sheet when the rights of the agreement are realized, fall due or the company in any other way loses control over them. Financial liabilities are derecognized from the balance sheet when the obligations in the agreement are discharged or in any other way extinguished.</p> <p>Financial instruments reported in the balance sheet include cash and cash equivalents, accounts receivable, other long-term receivables, other receivables and derivatives and securities. Liabilities include accounts payable, loans, other liabilities and derivatives. The company does not apply hedge accounting.</p> <p>Financial instruments are initially reported at cost corresponding to the instrument's fair value at the time of acquisition including transaction costs for all financial instruments except those that belong to the category Financial asset reported at fair value in the income statement, which are reported</p>	<p>without transaction costs. Reporting thereafter depends on how they are classified in accordance with that stated below.</p> <p>The financial assets category consists of three sub-groups: financial assets measured at fair value through the income statement, financial assets measured at accrued acquisition value and financial assets measured at fair value via Other comprehensive income.</p> <p><i>Cash and cash equivalents and blocked accounts</i> Cash and cash equivalents consist of cash and immediately accessible balances at banks and equivalent institutions. Amounts in blocked accounts are funds serving as collateral for repayment of loans or the financing of investments in properties as well as rent deposits and are reported as Other receivables.</p> <p><i>Classifications of liability and equity instruments are described below:</i> Liability instruments are the instruments that fulfil the definition of financial liabilities from the issuer's perspective, such as customer receivable and loan receivables. The Group classifies its liability instruments in one of the following two evaluation categories:</p> <p><i>Financial assets measured at accrued acquisition value</i> Assets held for the purpose of collecting contractual cash flows that only constitute payments of principal amounts and interest, and which are not identified as valued at fair value through profit or loss, are valued at accrued acquisition value. The carrying amount of these assets is adjusted with any expected credit losses. A default is defined as receivables where a significant part of the</p>	<p>obligation is delayed by more than 90 days. Individual assessment and provision is made on the basis of rating-based impairment models. Due to short maturities and/or high creditworthiness, the provisions amount to insignificant amounts. Interest income from these financial assets is reported in net financial items using the effective interest method.</p> <p>Customer receivables are reported at the amount that is expected to be received after deductions for doubtful receivables that have been assessed individually. The expected maturity of rental receivables is short, which is why the value is reported at a nominal amount without discounting.</p> <p>Receivables are reported at cost less any impairment losses. A receivable is tested individually for its estimated probability of default and recognized at the amount expected to be received. Write-downs are made for bad debts and are reported under operating expenses.</p> <p><i>Financial assets measured at fair value through the income statement</i> Assets that do not meet the criteria for accrued acquisition value are measured at fair value through the income statement. Profits or losses due to a debt instrument that after initial recognition are valued at fair value through profit or loss and are not included in a hedging relationship are recognized in net net financial items when they arise. Interest income from these financial assets is reported in net financial items using the effective-interest method.</p> <p>Liability instruments are reclassified only when the Group's business model for managing these assets changes.</p>			

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Equity instruments are instruments that meet the definition of equity from the issuer's perspective, which means instruments without a contractual obligation to pay and which deposit a residual right in the issuer's net assets. Profits or losses due to equity instruments measured at fair value via the balance sheet are recognized in net financial items.

Financial assets measured at fair value through the income statement

Investments in participations in companies other than Group companies, joint ventures and associated companies are included in assets measured at fair value through the income statement.

The financial liabilities category consists of two sub-groups: financial liabilities measured at fair value through the income statement and financial liabilities measured at amortized cost.

Financial liabilities measured at fair value through the income statement

Financial assets measured at fair value through the income statement consist of derivative instruments. Derivative instruments are measured in the consolidated accounts at fair value with changes in value reported in the income statement.

Financial liabilities measured at accrued acquisition value

Refers to all other financial liabilities, such as borrowing, accounts payable, accrued costs for services and goods that are settled in cash. Financial liabilities (interest-bearing loans and other financing), with the

exception of short-term liabilities where the interest rate effect is insignificant, are measured initially at fair value, and thereafter at amortized cost when applying the effective interest method. Accounts payable and other liabilities with short-term expected maturities are measured without discounting to a nominal amount. Liabilities are reported when the counter-party has delivered and a contractual payment obligation arises, even if the invoice has not yet been received. Accounts payable are reported when the invoice has been received.

A financial asset and a financial liability are netted and reported as a net amount in the balance sheet only in the presence of a legal right to net the amounts and to settle the items with a net amount or simultaneously realize the asset and settle the liability. As of the balance sheet date, there were no financial instruments reported net or covered by offset agreements.

Cash Flow Statement

The indirect method is applied to the preparation of the cash flow statement. The reported cash flow only includes transactions that result in incoming or outgoing payments.

Parent Company accounting principles

The Parent Company prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. The Swedish Financial Reporting Board's statements for listed enterprises also apply. Under RFR 2, the Parent Compa-

ny in the annual report for the legal entity shall apply all of the IFRS and statements approved by the EU to the extent possible within the framework of the Swedish Annual Accounts Act and with consideration given to the link between accounting and taxation. The recommendation states which exceptions and additions may be made in relation to IFRS.

Participations in Group companies

Participations in Group companies are reported using the cost method. Costs related to acquisition of subsidiaries are included as part of the cost for participations in Group companies. The carrying amount for participations in Group companies are tested for any impairment need when such indications arise.

Group contributions, dividends and shareholders' contributions

The company reports Group contributions according to the alternative rule, which entails that Group contributions received or paid are reported under appropriations. Anticipated dividends are reported as financial income by the recipient. Shareholders' contributions are reported directly under equity by the recipient and capitalized in shares and participations by the issuer to the extent a write-down is not required. Shareholder's contributions received are reported as an increase in unrestricted equity.

Financial instruments

Financial instruments are not reported in accordance with IFRS 9, Financial Instruments, but rather are reported as the lower of cost or net realizable value in accordance with

the Annual Accounts Act. Receivables in the parent company largely consist of receivables from subsidiaries which are reported at acquisition value. Rating-based impairment models are applied.

Changed reporting principles

New or changed existing standards that came into force on 1 January 2022 have not had any significant impact on the Group's financial reports.

New and changed standards that are not yet applied by the Group

None of the new or revised existing standards that have not yet come into force are expected to have any significant impact on the Group's financial reports.

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Note 2 Critical assessments and estimations

The preparation of the financial statements in accordance with IFRS requires that the Board of Directors and executive management make assessments, estimations and assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The estimations and assumptions are based on historical experiences and a number of other factors that given the current circumstances are deemed to be reasonable. The results of these estimations and assumptions are then used to assess the carrying amounts for assets and liabilities that otherwise are not clearly evident from other sources. The actual outcome may deviate from these estimations and assessments. The estimations and assumptions are reviewed regularly.

Revenue recognition of projects (property)
The project development of rental apartments is recognized as revenue as of the date that (i) a binding agreement has been signed with a rental project purchaser, (ii) there is a zoning plan, and (iii) a binding turnkey contract has been signed with a contractor. The turnkey contract is signed by or transferred to the buyer. The Group makes an individual assessment on the need for any provisions in each individual project. The Group establishes certain guarantees for the project in relation to vacancy and rental levels for which the Group makes provisions based on the specific circumstances of each respective project. Reassessment of the provision for rental guarantees takes place regularly based on the current rental situation. The Group makes provisions for planning risk on the basis of its knowledge of the local planning work. The provision for

planning risk is dissolved when the building permit enters into legal force. The Group also makes provisions for any risk in the turnkey contract. Variable remuneration amounts are estimated at the expected value and included in the transaction price to the extent that a significant reversal at a later point in time is highly improbable. Assessment and estimation of variable components to include in the transaction price is largely based on an assessment of future expected performance and all information (historical, current and forecast) that is reasonably available to the Company. Reassessments of the expected end result of the project mean adjustments of previously calculated profit in the projects concerned. These changes to forecasts are included in the recognized profit/loss for the period. Estimated losses are charged directly to the profit/loss in the period in which they are identified. Assessments and estimates affect the receivable property sales, which is stated in Note 22 - Other long-term receivables and Note 25 - Other receivables. The total amount reported as a receivable from property sales is SEK 1,172 m.

Revenue recognition, right of use (tenant-owned apartments)
Magnolia Bostad assesses that controlling influence over tenant-owner associations ceases at the time when the final tenant-owners purchase their apartments and the tenant-ownership is consolidated until this time. Revenues and costs for tenant-owned apartment projects are reported as the apartment buyers take over the tenant-owned apartments and consist of the actual revenue for the apartment sold and the sold apartment's share of the project's total cost.

Revaluations of the projects' expected end result entail a correction of previously prepared results in the projects. This forecast change is included in the period's reported results. Assessed losses are charged in their entirety directly to the profit for the period in the period in which they are identified.

Revenue recognition, project management
Revenues from project management agreements are reported successively based on the degree of completion of the project. The degree of completion is determined mainly on an ongoing basis as the work is carried out.

Valuation of properties
When valuing investment properties, estimates and assessments can have a significant impact on the Group's reported results and position. Internal valuations of investment properties require assessments of and assumptions about, for example, future cash flows and the determination of direct yields for each individual property. The assessments made affect the carrying amount in the statement of financial position for the item Investment properties and for investment properties owned in joint ventures, which affects the item Participations in associated companies and joint ventures. In the income statement, it affects the item Changes in value of investment properties and for investment properties, it affects the item Profit from participations in associated companies and joint ventures.

Magnolia Bostad continually monitors relevant property transactions. Internal valuations of the entire property portfolio are carried out with each quarterly report. To ensure the quality of internal valuations,

Magnolia Bostad continually has parts of the portfolio externally valued. The discrepancies between external and internal values have historically been insignificant. For more information on valuation, assessments and assumptions as well as sensitivity, see Note 19 - Investment properties for properties reported as Investment properties and Note 20 - Participations in associated companies and joint ventures for investment properties owned via joint ventures.

Deferred tax assets
Deferred tax assets and liabilities are reported for temporary differences and unutilized loss carry-forwards. The measurement of loss carry-forwards and the Group's ability to utilize loss carry-forwards are based on company management's estimations of future taxable income. Since a large portion of the Group's income according to current tax rules is treated as non-taxable income, the company's management has made the assessment that no deferred tax asset for loss carry-forwards is reported.

Classification of development and project properties and investment properties
When acquiring a property, an assessment is made whether the property should be developed or used as a management property. The assessment affects the consolidated profit/loss and financial position since each approach is handled differently from an accounting perspective. Properties that are to be developed are classified as development and project properties. Development and project properties are reported as inventory since the intent is to sell the property after completion. The measurement is then the lowest of cost and net realizable value.

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Investment properties, however, are held with the aim of generating rental income and appreciation. Investment properties are measured at fair value and the change in value is recorded in the income statement. Executive management makes an individual assessment of each property to determine whether the purpose is to develop and sell residential units, both rental apartments and tenant-owned apartments, or whether it is to own the property in the long-term.

Demarcation between business combinations and asset acquisitions
When acquiring businesses, an assessment is conducted of how the acquisition should be reported based on whether there are employees and the complexity of internal processes. Such an assessment also takes into account the number of businesses and the occur-

rence of contracts with varying degrees of complexity. If the above criteria are largely present, the acquisition is classified as a business combination, and if they are minimally present, as an asset acquisition.

Executive management makes an assessment on an acquisition-by-acquisition basis which criteria are met. In 2022 and 2021, the company's management made the assessment that only asset acquisitions occurred.

Additional payments for asset acquisitions
In certain asset acquisitions, there are additional payments that are payable if certain events occur in the future. These additional payments are recognized when the underlying event causing an additional payment occurs.

Note 3 Financial risks

Through its operations, the Group is exposed to different types of financial risks. Financial risks refer to fluctuations in the company's profit/loss and cash flow as a result of changes in, for example, interest rates. The company is primarily exposed to liquidity risk, financing risk, interest rate risk and credit risk. The Group's finance policy for management of financial risks has been drawn up and decided by the Board of Directors. The finance policy forms a framework of guidelines and rules in the form of risk mandates and limits for the financial operations.

The company's financial risk-taking and position can be derived from, for example, the equity/assets ratio, interest coverage ratio and loan-to-value ratio. Credit agreements with banks and credit institutions often have established loan covenants for these three performance measures. The company's own targets are in line with the banks' requirements. In 2022, the company met all targets and requirements. In order for a dividend to be paid or a buy-back of shares to be made, the Group's equity ratio according to the latest published financial report at the time of disbursement must exceed 30%, proforma tested including the relevant payment. For a description of the company's risks and risk management, see the section Risk Management in the Director's Report.

Liquidity risk
Liquidity risk refers to the risk that there would not be sufficient liquidity to meet future payment obligations. Internal liquidity forecasts are prepared on a regular basis for the coming twelve months, where all items affecting the cash flow are analysed in aggregate. The aim of the liquidity forecast is to verify the need for capital. Capital tie-up is evaluated individually for each project financing and synchronized with each project maturity. The objective is to match cash flows from forward funding and final consideration from buyers with maturities on financing. Magnolia Bostad has a policy to hold cash of SEK 250 m , excluding over-draft facilities. In the short-term, the Group's cash position may be lower. If liquidity is estimated to be less than SEK 250 m investment decisions with a liquidity impact of more than SEK 25 m must be made by the Board. At the end of the year, cash and cash equivalents totalled SEK 772 m (233). In addition to cash and cash equivalents, there were unutilized credit facilities of SEK 726 m (123) available, including unutilized overdraft facilities of SEK 50 m.

Below is a maturity analysis for financial liabilities. The table contains undiscounted cash flows based on the date of contract and includes both the interest rate and the nominal amount.

Maturity analysis 31/12/2022	0–1 years	1–2 years	2–3 years	3–5 years	Over 5 years
Interest-bearing liabilities	739	776	1, 488	384	151
Leasing liabilities	21	18	5	10	10
Liabilities to associated companies	18	36	–	–	–
Accounts payable	33	–	–	–	–
Other liabilities	158	894	12	–	–
Total	968	1,724	1,505	394	161

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Maturity analysis 31/12/2021	0–1 years	1–2 years	2–3 years	3–5 years	Over 5 years
Interest-bearing liabilities	265	600	693	951	0
Leasing liabilities	16	14	12	8	9
Liabilities to associated companies	24	22	–	–	–
Accounts payable	27	–	–	–	–
Other liabilities	829	105	482	–	–
Total	1,161	741	1,187	959	9

Of the cash flows from interest-bearing liabilities within 0-1 years of SEK 739 m (265) SEK 512 m (139) occurs within six months and SEK 227 m (126) after six months but within twelve months.

The majority of the bank financing is linked to different projects where the repayment of debt will occur upon Magnolia Bostad exiting the project, when sales proceeds are received from the project buyers. Loans with property mortgages amount to SEK 300 m falling due from 2023 to 2026 deemed to be able to be refinanced at maturity.

Financing risk

Financing risk refers to the risk that either no financing can be obtained or financing can only be obtained at much higher prices. In order to manage this risk, the Finance Policy contains rules regarding the spread of capital tie-up for the credit stock and the size of unutilized loan facilities and investments. The refinancing risk is reduced through a structured and early start to the refinancing process. For large loans, the process is begun 9 months prior to the maturity date. The Group has an equity/assets ratio target of

at least 30 %. A higher equity/assets ratio makes Magnolia Bostad a more attractive borrower.

Outstanding bonds have certain limitations in terms of the type of debt that may be raised. According to the terms for outstanding bonds, the Group's equity/assets ratio according to the latest published financial report at the time of the loan, must exceed 30 %, tested pro forma and including relevant loans, in order for Magnolia Bostad to take up new bond liability or other debt that is ranked equally, or subordinated, existing bonds. There are no restrictions on the raising of project-related debt in the terms for outstanding bonds.

Kreditrisk

Credit risk refers to the risk that a counterparty or issuer cannot discharge its obligations to the company. The maximum credit exposure corresponds to the assets' carrying amount and amounts to SEK 2,484 m (2,441). The credit risk among claims for property sales is judged to be limited since the risk that counterparties would not be able to fulfil their commitments is considered

to be low. Of the Group's Other non-current receivables and Other receivables totalling SEK 1,349 m (1,787), including receivables for property sales, SEK 732 m (901) refers to receivables on counterparties with an investment grade credit rating from an independent rating institute. Counterparties for other receivables do not have a credit rating from an independent rating institute. The majority are concentrated to a few counterparties, such as Trenum, Wikovia och PFA Bostad. The claims on these three counterparties amount SEK 370 m.

At the end of the year, past due loans and accounts receivable amount to SEK 13 m (13). Of consolidated net sales, 15.1 % (16.1) is to counterparties with a credit rating of investment grade. The company is also exposed to credit risk to the extent that the surplus liquidity will be invested. A rating-based impairment model is applied. Funds in cash accounts and any investments may not exceed SEK 750 m in exposure to one and the same banking group.

Market risk

Interest rate risk
Interest rate risk can consist in part of a change in fair value as a result of changes in interest rates (price risk) and changes in cash flow (cash flow risk). Fixed interest periods are an important factor that influence the interest rate risk. Long fixed interest periods mean a higher price risk and short fixed interest period mean higher cash flow risk. The group strives to have a short interest rate fixation period for project development and

a longer interest rate fixation period for properties for self management

The Group's exposure to interest rate risk in the form of rising market rates is illustrated by a sensitivity analysis. Interest rate expenses during the year amounted to SEK –201 m (–190) and the average interest rate at the end of the year amounted to 8.2 % (6.7). An increase in STIBOR 3M by one percentage point would increase the Group's interest rate expense for the financial year by around SEK 23 m (19).

Management of capital risk

The Group's goal with regard to its capital structure is to secure the Group's ability to be a going concern, so it is able to continue to generate returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to keep capital costs low. In order to maintain or adjust the capital structure, the Group can change the dividend paid to shareholders, repay capital to shareholders, issue new shares or sell assets to decrease liabilities.

The Group assesses its capital on the basis of the equity/assets ratio. This key figure is calculated as equity, including holdings without a controlling influence, as a percent of the balance sheet total.

In 2022, the Group's strategy was to maintain an equity/assets ratio of at least 30%. The equity/assets ratio on 31 December 2022 was 32.5% (38.7). The Group's strategy is unchanged compared to last year.

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FINANCIAL INSTRUMENTS PER CATEGORY

31/12/2022 Group	Financial as- sets/liabilities measured at fair value through the income statement	Accrued acquisition value	Financial liabilities valued at accrued acquisition value
Assets in the balance sheet			
Receivables from associated companies	–	342	–
Other long-term securities held	–	–	–
Accounts receivable	–	910	–
Kundfordringar	–	17	–
Other receivables	–	439	–
Prepaid expenses and accrued income	–	3	–
Cash and cash equivalents	–	772	–
Total	–	2,484	–
Liabilities in the balance sheet			
Non-current interest-bearing liabilities	–	–	2,515
Liabilities to associated companies	–	–	34
Other non-current liabilities	–	–	906
Leasing liabilities	–	–	54
Current interest-bearing liabilities	–	–	506
Accounts payable	–	–	33
Other current liabilities	–	–	158
Accrued expenses and deferred income	–	–	99
Total	–	–	4,304

The carrying amount of all financial as-sets and liabilities is not judged to deviate significantly from the fair value except for the bonds, where the fair value is estimat-ed to amount to SEK 1,215 m (1,315) com-pared to the carrying amount of SEK 1,411 m (1,259). Fair value for the bonds has been assessed according to Level 1, which means that the value is derived from listed prices on an active market. Accounts receivable,

other receivables, cash and cash equivalents, accounts payable and some other liabilities have a remaining life of less than six months, which is why the carrying amount is consid-ered to reflect the fair value. The majority of the interest-bearing bank loans have a variable interest rate, and the carrying amount thus is considered to reflect fair value

FINANCIAL INSTRUMENTS PER CATEGORY

31/12/2021 Group	Financial as- sets/liabilities measured at fair value through the income statement	Accrued acquisition value	Financial liabilities valued at accrued acquisition value
Assets in the balance sheet			
Receivables from associated companies	–	375	–
Other long-term securities held	31	–	–
Other long-term receivablesr	–	1,179	–
Accounts receivable	–	16	–
Other receivables	–	607	–
Prepaid expenses and accrued income	–	0	–
Cash and cash equivalents	–	233	–
Total	31	2,410	–
Liabilities in the balance sheet			
Non-current interest-bearing liabilities	–	–	2,025
Liabilities to associated companies	–	–	46
Other non-current liabilities	–	–	587
Leasing liabilities	–	–	59
Current interest-bearing liabilities	–	–	130
Accounts payable	–	–	27
Other current liabilities	–	–	674
Accrued expenses and deferred income	–	–	132
Total	–	–	3,681

Financial assets assessed at fair value through the income statement 2021 refer to an unlisted holding in Norefjell Prosjektut-vikling AS and A&B Invest AB.

The holdings in Norefjell Prosjektutvikling AS and A&B Invest AS have been divested in 2022 with a SEK 5m profit impact.

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Note 4 Group composition

The operations of Magnolia Bostad Group are conducted in a number of companies. Ownership in the operational companies is spread among several different holding companies that are owned either directly or indirectly by Magnolia Bostad AB. For information on Magnolia Bostad AB's subsidiaries, see Note 34 - Participations in Group companies.

Some of the Group's loan agreements contain conditions that limit the ability to transfer cash or other assets to other companies within the Group.

In total, there are non-controlling interests (minority) of SEK 18 m (89) in Magnolia Bostad Group.

Magnolia Holding 3 AB and Magnolia Holding 4 AB
When the former CEO Fredrik Lidjan took over as CEO in 2015, an agreement was signed with Fredrik Lidjan AB, now Videbo invest AB, that Fredrik Lidjan AB would invest on market terms with an ownership stake of 10% in rental accommodation projects. The investments in these companies were made through Magnolia Holding 3 AB. The ownership share for future projects was adjusted at an Extraordinary General Meeting in 2017 to 8% in Magnolia and in Magnolia Hotellutveckling 2 AB. Investments in these companies have been made through Magnolia Holding 4 AB.

Videbo Invest AB's share of Magnolia Holding 3 AB is SEK -39 m (-10) and the share of the year's profit amounts to SEK -29 m (-16). Videbo invest AB's holding of Magnolia Holding 4 AB amounts to SEK 32 m (73) and the share of the profit amounts to SEK -41 m (7). In 2022, it was decided to pay dividends of SEK 0 m (0) till minoritetsägare i Magnolia

Holding 3 AB to minority owners in Magnolia Holding 3 AB and SEK 0 m (29) to minority owners of Magnolia Holding 4 AB. In 2022, minority shareholders made a shareholder contribution to Magnolia Holding 3 AB of SEK 0 m (15).

Fredrik Lidjan resigned as CEO in December 2020 and the co-investment period for Magnolia Holding 4 AB was shortened by one year, which means that it ended in 2021. Projects developed in limited companies in the minority ownership structures Holding 3 and Holding 4 continue but no new projects have been allocated to these companies.

Magnolia Hotellutveckling 2 AB
During March 2021, Magnolia Bostad acquired Clas Hjorth's ownership interest of 16% in Magnolia Hotellutveckling 2 AB for one krona after Clas Horth terminated the shareholders' agreement in 2020 and terminated his employment with Magnolia Bostad. Following the acquisition of Clas Hjorth's shareholding, Magnolia Bostad's share of Magnolia Hotellutveckling 2 AB amounts to 92% and Videbo Invest AB's share amounts to 8 %. Videbo Invest AB's share of Magnolia Hotellutveckling 2 AB amounts to SEK 1 (0) million and the share of the profit for the year amounts to SEK 1 (0) million.

In 2022, it was decided that no dividends SEK 0 m (0) would be paid to minority owners in Magnolia Hotellutveckling 2 AB. In 2022, minority shareholders made a shareholder contribution of SEK 0 m (2).

Moutarde Holding AB
There is a minority holding in Group company Moutarde Holding AB, through which phases 1 and 2 of the Senapsfabriken are being run, whose share of profit/loss in these projects

amounts to 23.7%, corresponding to SEK -3 m (-1). In total, the minority holding in Moutarde Holding AB amounts to SEK 23 m (27).

In 2022, it was decided that no dividends (0) would be paid to minority owners in Moutarde Holding AB.

Summary of financial information for subgroups that have non-controlling interests.								
	Moutarde Holding AB		Magnolia Holding 3 AB		Magnolia Holding 4 AB		Magnolia Hotellutveckling 2 AB	
	2022	2021	2022	2021	2022	2021	2022	2021
Fixed assets	134	141	2,043	1,763	1,706	2,009	0	0
Cash and cash equivalents	20	0	3	3	4	5	1	1
Other current assets	0	22	608	515	643	812	24	31
Total assets	155	163	2,654	2,281	2,353	2,826	25	32
Equityl	99	113	-393	-97	401	912	8	-1
Non-current liabilities	0	0	850	684	554	562	0	0
Current liabilities	56	50	2,198	1,693	1,397	1,351	17	33
Total equity and liabilities	155	163	2,654	2,281	2,353	2,826	25	32
Net sales	-10	-6	204	245	185	643	20	-2
Operating expenses	-2	3	-285	-358	-376	-657	-13	-1
Change in value of investment property	-	-	-46	55	-143	74	-	-
Profit/loss from participations in associated companies and joint ventures	-	-	-75	-3	-118	95	-	-
Net financial items	-2	-2	-102	-80	-80	-61	1	1
Income tax	0	-	9	-15	29	-10	-	-
Profit/loss for the year	-14	-5	-296	-155	-501	83	9	-2

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Note 5 Net sales

Consolidated net sales refers in its entirety to Sweden. Net sales are distributed across the business areas as follows:

	Koncernen		Moderbolaget	
	2022	2021	2022	2021
Revenue from contracts with customers	550	1,249	29	18
Other income	19	19	–	–
Total	569	1,268	29	18

	Koncernen		Moderbolaget	
	2022	2021	2022	2021
Sales, development and project properties	206	938	–	–
Total income reported at a point in time	206	938	–	–
Project management revenue	49	59	–	–
Rental income	19	19	–	–
Invoicing for projects	248	192	–	–
Other operating income	47	60	29	18
Total income recognized over time	363	330	29	18
TOTAL INCOME	569	1,268	29	18

Revenue from three (two) of Magnolia Bostad's customers exceeds 10% av Magnolia Bostads totala intäkter. total revenue. Below is a list of the revenue from customers whose transactions represent 10% or more of the company's revenue per year.

Income from major customers	Group	
	2022	2021
CBRE	23	239
Förvaltnings AB Framtiden	106	–
Hemsö Fastighets AB	91	–
Malmegårds Fastighets AB	61	–
PFA Bostad	48	360
Total	329	599

In total, Förvaltnings AB Framtiden, Hemsö Fastighets AB, Malmegårds Fastighets AB, CBRE and PFA Bostad, which are included when sales last year exceeded 10%, accounted for sales totalling SEK 329 m (599). These revenues have largely been reported as sales of development and project properties.

Cash flow from the sale of projects is obtained partly in connection with the handover of land via forward funding, as Magnolia Bostad receives payment for investments made up to this point. Magnolia Bostad often receives part of the project's profit in cash upon project handover. The remaining part of the cash flow from property sales is

obtained in connection with project completion.

After selling and exiting the project, Magnolia Bostad works under a project management agreement for the project, which is valid until the property is completed. The project management agreement is invoiced and recognized as revenue on an ongoing basis during the contract period.

For sales of undeveloped property, the entire consideration is normally received in connection with the handover. Other income, such as rent, and invoicing for the projects, are reported and invoiced on an ongoing basis.

Note 6 Leasing- lessor

Rental contracts in the company from an accounting perspective can be viewed as operational leasing contracts. The contracts

refer to rental of commercial premises and residential units. Below are the agreed future minimum lease fees within each interval.

Contractual rental income	Group		Parent Company	
	2022	2021	2022	2021
Within one year	13	13	–	–
Within two years	1	8	–	–
Within three years	–	–	–	–
Within four years	–	–	–	–
Within five years	–	–	–	–
After five years	–	–	–	–
Total future leasing income	14	21	–	–

The sum of the rental income that is included in the consolidated income statement amounts to SEK 19 (19) m.

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Note 7 Leasing – lessee

Group leasing fees consist mainly of parking spaces rented by the Group in three projects to be rented out and rent for the premises

in which Magnolia Bostad conducts its business. Right of use assets are reported in the balance sheet as Rights of use.

	Group	
Rights of use	2022	2021
Opening carrying amount	55	72
Acquisitions	13	2
Depreciation	–19	–19
Terminated contracts	0	0
Closing carrying amount	49	55

Changes to lease liabilities linked to right of use assets are listed below.

	Group	
Leasing liabilities	2022	2021
Opening carrying amount	59	75
Additions	13	2
Interest expense	4	5
Payments	–23	–23
Terminated contracts	0	0
Closing carrying amount	54	59
Current leasing liabilities	18	16
Non-current leasing liabilities	36	43

The maturity structure of leasing liabilities is detailed in Note 3 – Financial risks and finance policy.

	Group	
Reported in the income statement	2022	2021
Depreciation of right of use assets	–19	–19
Interest cost of leasing liabilities	–5	–5
Costs for short-term leasing	0	0
Costs for low-value leases	0	0
Costs for variable leasing fees	0	0
Income from sub-leasing right of use assets	3	3
Total amount reported in the income statement	–21	–21

Note 8 Disclosures regarding fees and cost reimbursement to the auditor

	Group		Parent Compan	
	2022	2021	2022	2021
Ernst & Young				
auditing assignment	–2.4	–2.6	–2.4	–2.6
audit operations in addition to the audit assignment	–0.6	–0.4	–0.1	–0.1
tax advisory services	–0.1	–0.1	–0.1	–0.1
other assignments	–0.1	–0.3	–0.1	–0.3
Total	–3.2	–3.4	–2.7	–3.1

Auditing assignment refers to the audit of the annual report and the bookkeeping as well as the Board's and the CEO's management. Other assignments delegated to the company's auditors and advice or other assistance caused by observations during

such audits or implementation of such other assignments are also included. Other assignments mainly include investor reporting for green bonds and consultation regarding sustainability reporting.

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Note 9 Remuneration to employees

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	Group			
	2022		2021	
	Board and Executive Management	Other employees	Board and Executive Management	Other employees
Salaries and other remuneration	−13	−92	−12	−97
(of which bonuses etc.)	(−4)	(−8)	(−2)	(−16)
Social security expenses	−4	−30	−4	−30
Pension expenses including special employer's contribution	−3	−16	−3	−16
Total	−20	−138	−19	−143

Some of the company's personnel costs are capitalized in the projects. This is why the amount in the note is greater than the amount reported in the income statement.

	Parent Company			
	2022		2021	
	Board and Executive Management	Other employees	Board and Executive Management	Other employees
Salaries and other remuneration	−4	0	−5	0
(of which bonuses etc.)	−2	0	−1	0
Social security expenses	−1	0	−2	0
Pension expenses including special employer's contribution	−1	0	−1	0
Total	−7	0	−8	0

REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

2022, SEK 000	Basic salary/ Board fees	Variable remuneration	Pension premiums
Fredrik Holmström, Chairman of the Board	−	−	−
Johan Bengtsson, member	−	−	−
Erika Olsén, member	−	−	−
Therese Rattik, member	−	−	−
Erik Rune, member	−	−	−
Fredrik Tibell, member	−	−	−
Leif Andersson, member	−	−	−
Johan Tengelin, CEO	−2,934	−1,538	−840
Other senior executives, 4 people ¹⁾	−6,041	−2,498	−1,669
Total	−8,975	−4,035	−2,509

¹⁾ The group of senior executives increased in 2022 from 3 people at the beginning of the year to 4 people at the end of the year 2022.

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REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

2021, SEK 000	Basic salary/ Board fees	Variable remuneration	Pension premiums
Fredrik Holmström, Chairman of the Board	–375	0	0
Johan Bengtsson, member ³⁾	–	–	–
Erika Olsén, member ³⁾	–	–	–
Therese Rattik, member ³⁾	–	–	–
Erik Rune, member ³⁾	–	–	–
Andreas Rutili, member ²⁾	–225	0	0
Risto Silander, member ²⁾	–225	0	0
Fredrik Tibell, member	–278	0	0
Jan Roxendal, member ²⁾	–293	0	0
Viveka Ekberg, member ²⁾	–278	0	0
Anna-Greta Sjöberg, member ²⁾	–225	0	0
Johan Tengelin, CEO	–2,787	–900	–825
Other senior executives, 3 people ¹⁾	–5,399	–986	–1 503
Total	–10,083	–1,886	–2,328

¹⁾ The group of senior executives decreased in 2021 from 4 people at the beginning of the year to 3 people at the end of the year 2020.

²⁾ Until September 2021.

³⁾ From September 2021.

For more information, see also **Note 35** – Closely related parties.

AVERAGE NUMBER OF EMPLOYEES

	Group		Parent Company	
	2022	2021	2022	2021
Average number of employees	115	115	1	1
(of which male)	(62)	(54)	(1)	(1)

GENDER DISTRIBUTION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

	Group		Parent Company	
	2022	2021	2022	2021
The Board	6	6	6	6
(of which male)	(4)	(4)	(4)	(4)
CEO and Executive Management	5	5	5	5
(of which men)	(3)	(3)	(3)	(3)

Remuneration to the Board

At the 2022 AGM, it was decided that no remuneration shall be paid to the board members for the period up to and including the end of the 2023 AGM.

Executive management

The management team consisted of 5 people (4) on 31 December 2022, the CEO, Deputy CEO & CFO, Head of Marketing and Communications, Head of Legal and the CIO.

Salary and other benefits for the CEO and senior executives are determined by Magnolia Bostad AB's Board of Directors.

Remuneration and benefits

The CEO and other members of Executive Management are paid fixed and variable salaries.

Pensions

Members of Executive Management have a defined-contribution pension, with no other obligations from the company than to pay an annual premium during the period of employment. This means that, when

employment is terminated, employees are entitled to decide during what period the previously defined-contribution payments and resulting yield are drawn as pension.

Termination

The CEO's employment agreement has a mutual notice of termination of 12 months. There are non-competition terms and terms regarding remuneration after employment termination for the CEO. The competition ban applies for 12 months. The total monthly remuneration as a result of the non-competition term shall not exceed an amount corresponding to 60% of the average monthly income from fixed and variable salary during the most recent year of employment.

Other members of Group management have a mutual six-month notice of termination.

Note 10 Profit/loss from participations in associated companies and joint ventures

	Group		Parent Company	
	2022	2021	2022	2021
Profit/loss from participations in associated companies and joint ventures	-193	88	0	3
Total	-193	88	0	3

Of the profit from participations in associated companies SEK -38 m (5) came from Upplands Bro Brogårds Etapp 2 AB which the company owns with Heimstaden Bostad Invest AB, SEK -16 m (59) came from Yard Holding AB and SEK -28 m (1) from Yard Holding 2 AB which the company owns with

Slättö Core Plus Holding AB, SEK -24 m (21) from Magsam Holding AB which the company jointly owns with Samhällsbyggnadsbolaget in Norden AB and SEK -75 m (-3) from Sollentuna Stinsen JV AB which the company owns with Alecta. For more information see Note 20 – Participation in associated companies and joint ventures.

Note 11 Costs for the business broken down by cost type

	Group		Parent Company	
	2022	2021	2022	2021
Operating costs	-12	-12	-	-
Production costs	-728	-1,055	-	-
Other external costs	-68	-88	-40	-39
Personnel costs	-166	-167	-11	-10
Depreciation/amortization and impairment	-25	-27	0	0
Other operating costs	-45	-34	-	-
Capitalized project costs	149	158	-	-
Total	-893	-1,225	-51	-49

Note 12 Financial income

	Group		Parent Company	
	2022	2021	2022	2021
Interest income, other	3	1	0	0
Interest income, associated companies	10	4	0	0
Profit from disposal of long-term securities holdings	5	-	-	-
Interest income, Group companies	-	-	143	81
Dividend from Group companies	-	-	-	0
Other	0	0	0	0
Total	19	5	144	81

Note 13 Financial expenses

	Group		Parent Company	
	2022	2021	2022	2021
Interest expense, external	-193	-178	-125	-119
Interest expense, shareholder loans	-8	-	-8	-
Interest expense, Group companies	-	-	-8	-33
Other financial expenses	0	-12	0	-10
Total	-201	-190	-141	-161

Interest expenses mainly relate to financial liabilities valued at accrued acquisition value.

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Note 14 Tax on profit/loss for the year

	Group		Parent Company	
	2022	2021	2022	2021
Current tax	0	0	0	0
Deferred tax for temporary differences	29	-25	0	0
Capitalized loss deductions	38	-	-	-
Total	67	-25	0	0

RECONCILIATION OF REPORTED TAX

	Group		Parent Company	
	2022	2021	2022	2021
Profit/loss before tax	-929	75	-86	-112
Nominal tax according to current tax rate (20.6%)	191	-15	18	23
Tax effect of non-deductible interest expenses	-39	-36	-1	-13
Tax effect of other non-deductible expenses	-19	-4	0	-4
Tax effect of non-taxable sales of investment property	0	5	-	-
Tax effect of other non-taxable income	-42	61	0	1
Tax effect of non-capitalized loss carry-forwards	-19	-29	-18	-7
Current tax attributable to previous years	0	0	0	0
Other	-6	-6	1	0
Reported effective tax	67	-25	0	0

The tax expense is less than 20.6% since some reported income (primarily the sale of companies) is not taxable and that deferred tax is not reported as loss carry-forwards. Loss carry-forwards consist of tax losses from previous years. The losses, which are not time-limited, are rolled over to the next year and set off against future taxable

profits. No deferred tax asset for loss carry-forwards has been capitalized since these deficits will probably not be utilized in the foreseeable future. For more information on loss carry-forwards, see **Note 29** – Deferred tax.

Note 15 Earnings per share

	Group	
	2022	2021
Profit/loss for the year attributable to the Parent Company's shareholders	-790	60
Weighted average number of outstanding shares	37,822,283	37,822,283
Weighted average number of outstanding shares after dilution	37,822,283	37,822,283
Number of outstanding shares on the balance sheet date	37,822,283	37,822,283
Earnings per share before dilution, SEK	-20.89	1.59
Earnings per share after dilution, SEK	-20.89	1.59

In connection with the delisting in September 2021, all outstanding warrants have been redeemed

Note 16 Goodwill

	Koncernen	
	31/12/2022	31/12/2021
Opening acquisition value	6	6
Closing carrying amount	6	6

The annual impairment test of goodwill did not identify any impairment needs.

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Note 17 Other intangible assets

	Group	
	31/12/2022	31/12/2021
Opening acquisition value	1	1
Acquisitions	0	0
Closing accumulated acquisition value	1	1
Opening depreciation/amortization according to plan	-1	-1
Depreciation/amortization for the year according to plan	-0	-0
Closing depreciation/amortization according to plan	-1	-1
Closing residual value according to plan	1	1

Note 18 Machinery and equipment

	Group	
	31/12/2022	31/12/2021
Opening acquisition value	34	33
Acquisition	1	1
Closing accumulated acquisition value	35	34
Opening depreciation/amortization according to plan	-27	-21
Depreciation/amortization for the year according to plan	-4	-6
Closing depreciation/amortization according to plan	-31	-27
Closing residual value according to plan	4	7

Note 19 Investment properties

	Group	
	31/12/2022	31/12/2021
Opening fair value	2,276	1,483
Reclassification	-324	263
Investments and acquisitions	769	468
Unrealized changes in value	-233	155
Sales to JVs	-	-
Sales	-	-93
Closing fair value	2,489	2,276

Magnolia Bostad has one completed investment property, one project in production and 22 non-production-started projects.

Investment properties are reported in accordance with IFRS at fair value. Normally, a cash flow model is used where the operating surplus less remaining investments is calculated at present value over a five or ten-year calculation period to determine fair value. The calculation interest rate constitutes a nominal interest rate requirement for total capital before tax. The interest requirement is based on assessments of the market's return requirements for similar objects. The calculation interest rate for the investment properties is between 5.68% and 6.83% (5.30% and 7.40%) and the median amounts to 6.11% (5.85%). The direct yield requirement in valuations carried out is within the range of 3.35 – 5.25% (3.25 – 5.25%) and the median amounts to 3.85% (3.85%).

An individual assessment is made of the rental levels and rental trends. For rented premises, an estimated market rent is used in the cash flow calculations after the end of the rental agreement. Assessments are made of market rents, future normalized operating costs, investments, vacancies and more.

Operating and maintenance costs are based on historical outcomes as well as on budget figures and statistics for similar properties. Investment properties under construction are valued on the basis of completed projects with deductions for remaining investments. Depending on the phase of the project, there is a risk premium.

In the valuations, an inflation assumption of 5.0% for 2023 been used and thereafter a long-term inflation assumption of 2,0% has been used. Projects that do not have a zoning plan in force or where a binding acquisition agreement is missing, are valued at acquisition value, unless there is a sales agreement that indicates a different value. Valued investment properties where there are no sales agreements have, in addition to the internal valuation, were also valued by an external valuation from Newsec in 2022.

The discount rate is mainly affected by changes in the direct yield requirement. Changes in market rents, operating costs or vacancies affect net operating income.

For more information on valuation and property values, see also **pages 45 to 49**.

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SENSITIVITY ANALYSIS PROPERTY VALUATION		
	Effect on value (SEK m)	Effect on equity/assets ratio, percentage points
Operating income, +/- 10%	+636/-631	+4.0/-4,7
Direct yield, +/-0.50% points	-729/+976	-5.5/+5,8
SENSITIVITY ANALYSIS PROPERTY VALUATION		
Change in value before tax, %	Effect on profit/loss for the year (SEK m)	Equity/assets ratio, %
+10	198	34.1
0	-	38.7
-10	-198	30.7

Note 20 Shares in associated companies and joint ventures

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Opening acquisition value	607	350	-	2
Acquisition	-	143	-	-
Contributions	115	53	-	-
Share of the year's profit/loss in associated companies and joint ventures	-193	88	-	3
Dividend	-3	-20	-	0
Sales	-11	-7	-	-5
Closing carrying amount	515	607	-	-

Shares in associated companies are reported in the Group in accordance with the equity method and in the Parent Company in accordance with the cost method.

The Groups share of profit/loss from individual, non-material associated companies amounts to SEK 0 m (0).

Group company's name	Co.reg.no.	Registered office	Share of capital as a percentage ¹⁾	Carrying amount
Sollentuna Stinsen JV AB ²⁾	559085-9954	Stockholm	45.0%	1
Bollmora Vårdfastigheter AB	559063-2955	Stockholm	46.0%	0
Bryggkaffe Fastighetsutveckling AB	559159-7496	Stockholm	46.0%	20
Upplands Bro Brogårds Etapp 2 AB ²⁾	559175-4915	Stockholm	46.0%	87
Yard Holding AB ²⁾	559175-4923	Stockholm	46.0%	89
Yard Holding 2 AB ²⁾	559267-5101	Stockholm	46.0%	50
Yard Holding 3 AB ²⁾	559319-6818	Stockholm	46.0%	16
Bro Mälarstrand Bostad AB ²⁾	559302-2402	Stockholm	46.0%	147
Österåkerporten AB ^{2,3)}	559175-4907	Stockholm	46.0%	26
Magsam Holding AB ²⁾	559270-5429	Stockholm	46.0%	100
Magnolia Projekt 595 AB ²⁾	559277-1256	Stockholm	46.0%	0
JV Edeh Bostad AB ²⁾	559254-2251	Stockholm	46.0%	0
Magnolia Projekt 621 AB	559285-8624	Stockholm	46.0%	-2
Magnolia Projekt 623 AB	559285-8640	Stockholm	46.0%	-7
Magnolia Projekt 624 AB	559285-8657	Stockholm	46.0%	-2
Magnolia Projekt 625 AB	559285-8665	Stockholm	46.0%	-9
Total				515

¹⁾ Share of capital agrees with ownership

²⁾ Holdings classified as joint ventures

³⁾ Company name changed from Magnolia Projekt 5222 AB

Internal valuations are made for all investment properties in JVs every quarter. These are also confirmed with external assessments at least once a year.

Investment properties are reported in accordance with IFRS as fair value. Normally, a cash flow model is used where the operating surplus less remaining investments is calculated at present value over a five- or ten-year calculation period to determine fair value. The calculation interest rate constitutes a

nominal interest rate requirement for total capital before tax. The interest requirement is based on assessments of the market's return requirements for similar objects. The calculation interest rate for the investment properties is between 5.58% to 6.13% (5.27% to 5.90%) and the median amounts to 5.82% (5.60%). The direct yield in valuations carried out is within the range of 3.31% – 3.85% (3.27 – 3.92) and the median amounts to 3.57% (3.60).

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Depending on the phase of the project, there is a risk premium.

In the valuations, a long-term inflation assumption of 2.0% has been used. The discount rate is mainly affected by changes in the direct yield requirement. Changes in market rents, operating costs or vacancies affect net operating income.

For more information on valuation and property values, see also **pages 45 to 49**.

Sensitivity analysis property valuation	Effect on the value of property in JVs (SEK m)	Effect on value of the company's share of JV (SEK m)	Effect on the company's equity/assets ratio, percentage points
Operating income, +/- 10%	+479/-476	+190/-189	+1.8/-1.9
Direct yield, +/-0.50% points	-583/+780	-231/+310	-2.3/+2.9

Sollentuna Stinsen JV AB	2022	2021
Cash and cash equivalents	97	66
Other current assets	745	830
Non-current financial liabilities	-430	-800
Current financial liabilities	-408	-14
Other liabilities	-3	-11
Net assets	1	71
Company's share of net assets	1	35
Net sales	17	14
Depreciation/amortization	0	0
Interest expense	-27	-7
Profit /loss for the year	-150	-6
Company's share of profit/loss for the year	-75	-3

Sollentuna Stinsen JV AB was acquired in December 2016. All apartments will be developed by Magnolia Bostad. Around one-third will be sold to Alecta as rental apartments, which Alecta will own and manage itself. The purchase price paid for the property acquisition amounted to around SEK 700 m.

The property includes just under 54,200 m² in Södra Häggvik. On the property is the Stinsen shopping centre, which offers around 41,600 m² of leasable retail and office space.

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Upplands Bro Brogårds Etapp 2 AB	2022	2021
Fixed assets	823	748
Cash and cash equivalents	103	88
Other current assets	107	13
Non-current financial liabilities	-780	-552
Current financial liabilities	-13	-4
Other liabilities	-52	-59
Net assets	188	234
Company's share of net assets	94	117
Net sales	5	0
Depreciation/amortization	0	-1
Change in value of investment properties	-40	42
Interest expense	-43	-25
Income tax	8	-8
Profit/loss for the year	-75	10
Company's share of profit/loss for the year	-38	5

In 2019, 50% of the shares in Upplands Bro Brogårds Etapp 2 AB were sold to Heimstaden Bostad Invest AB. Upplands Bro Brogårds Etapp 2 AB acquired a property for the development of 835 estimated residential units in Bro by Magnolia Bostad, where

645 units started production during the year. The property is being developed for longterm management. The profit during the year consists mainly of a change in value of production-started housing.

Yard Holding AB	2022	2021
Fixed assets	1,120	1,165
Cash and cash equivalents	97	116
Other current assets	20	6
Non-current financial liabilities	-933	-960
Current financial liabilities	-58	-58
Other liabilities	-69	-64
Net assets	178	206
Company's share of net assets	89	103
Net sales	38	15
Production and operating costs	-16	-3
Interest expense	-42	-38
Change in value of investment properties	-10	185
Income tax	0	-38
Profit/loss for the year	-33	118
Company's share of profit/loss for the year	-16	59

In 2019, 50% of the shares in Yard Holding AB were sold to Slättö Core Plus Holding AB. Yard Holding AB subsequently acquired the projects LU:1, Gjuteriet stage 2, and Sportflygaren from Magnolia Bostad.

The properties are being developed for long-term management. The profit during the year mostly consisted of a change in the value of production-started housing. The Strandblick project in Östersund was completed in 2021 and other projects were completed in 2022.

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Yard Holding 2 AB	2022	2021
Fixed assets	395	336
Cash and cash equivalents	17	10
Other current assets	0	0
Non-current financial liabilities	−268	−200
Current financial liabilities	−22	−5
Other liabilities	−24	−1
Net assets	99	140
Bolagets andel av nettotillgångar	49	70
Net sales	–	–
Production and operating costs	0	0
Interest expense	−15	−1
Change in value of investment properties	−51	4
Income tax	11	−1
Profit/loss for the year	−56	2
Company's share of profit/loss for the year	−28	1

The JV is owned with Slättö Core Plus Holding AB and is developing the Barkabystaden project. The property is being profit during the year consisted mainly of a change in the value of production-started housing.

Yard Holding 3 AB	2022	2021
Fixed assets	205	78
Cash and cash equivalents	3	13
Other current assets	8	0
Non-current financial liabilities	−164	−56
Current financial liabilities	−10	−13
Other liabilities	−10	−1
Net assets	33	21
Bolagets andel av nettotillgångar	16	11
Net sales	–	–
Production and operating costs	0	0
Interest expense	−8	−1
Change in value of investment properties	19	24
Income tax	−4	−5
Profit/loss for the year	7	18
Company's share of profit/loss for the year	4	9

The JV is owned with Slättö Core Plus Holding AB and is developing the Valfisken 1 project. The property is being developed for long-term management. The profit during

the year consisted mainly of a change in the value of production-started housing.

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Magsam Holding AB	2022	2021
Fixed assets	857	627
Cash and cash equivalents	6	14
Other current assets	80	55
Non-current financial liabilities	-684	-423
Current financial liabilities	-27	-17
Other liabilities	-42	-43
Net assets	193	213
Company's share of net assets	96	107
Net sales	0	0
Operating costs	-2	-1
Change in value of investment properties	-19	76
Interest expense	-29	-16
Income tax	2	-16
Profit/loss for the year	-48	41
Bolagets andel av årets resultat	-24	21

In 2020, 50% of the shares in Magsam Holding AB were sold to Samhällsbyggnadsbolaget i Norden AB through Samhäll 106 AB. In 2020, Magsam Holding AB acquired Drottninghög, Näckrosen and Hantverkaren from

Magnolia Bostad and Järven from SBB. The properties are being developed for long-term management. The profit during the year mostly consisted of a change in the value of production-started housing.

Note 21 Other long-term securities held

	Group	
	31/12/2022	31/12/2021
Opening fair value	31	41
Acquisition	-	-
Sales	-31	-10
Closing carrying amount	-	31
	31/12/2022	31/12/2021
Other investments	-	31
Total	-	31

In 2022, the holding in Norefjell Prosjektvikling AS and AB Invest AS were divested with SEK 5 m in profit effect.

The holding in Bergavik Fastighets AB was divested in 2021.

Note 22 Other long-term receivables

	Group	
	31/12/2022	31/12/2021
Receivables, property sales	802	1,090
Paid deposits	65	65
Deposits	6	7
Other	38	17
Total	910	1,179

Refers mostly to non-current receivables from buyers.

	Group	
	2022	2021
Receivables, property sales		
Opening balance	1,090	1,005
Incoming from new property sales	5	274
Change in estimation of variable remuneration	-46	-77
Outgoing to other receivables	-248	-112
Closing balance	802	1,090

Reported as current other receivables, there are additional receivables from property sales amounting to SEK 370 m (515). For information on current receivables from buyers, see **Note 25 - Other receivables**. Counterparties are mainly Swedish institutions or

other reputable partners. Receivables from buyers usually fall due for payment in connection with the property being completed and project submission taking place, which usually takes place 2.5–3 years after leaving the property.

Note 23 Development and project properties

	Group	
	31/12/2022	31/12/2021
Opening amount	810	999
Construction in progress	399	692
Reclassification	171	-263
Depreciation/amortization	-94	-73
Acquisitions	640	437
Sales	-578	-982
Total	1,348	810

During 2022, 2 (0) projects have been reclassified from Investment properties to development and project properties as a result of a change in the direction of the projects. Write-downs also affect, as a result of deteriorating market conditions for

certain projects. Ongoing new construction has decreased primarily as a result of a sharp reduction in tenant-owned apartments in production, which are consolidated until the tenant-owner takes possession.

Note 24 Accounts receivable

	Group	
	31/12/2022	31/12/2021
Accounts receivable, gross	23	22
Provision for bad debt	-6	-6
Closing carrying amount	17	16
Provision for bad debt		
Provision at start of the year	-6	-3
Realized losses	0	0
Provisions for expected losses	0	-3
Provisions at end of the year	-6	-6

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	Group	
	31/12/2022	31/12/2021
Age-distributed accounts receivable		
Accounts receivable not past due	9	9
Past due < 30 days	2	3
Past due 31 – 90 days	1	1
Past due > 90 days	10	9
Total non-written-down accounts receivable	22	22
Past due and written-down accounts receivable	–6	–6
Total accounts receivable	17	16

The company has reported losses of SEK 0 m (–3) for write-downs of accounts receivable.

Note 25 Other receivables

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Receivable, property sales	370	515	–	–
Paid deposits	45	53	–	–
Deposits	0	0	–	–
Other items	25	40	4	1
Total	439	608	4	1

SEK 0 m (0) of other receivables are past due.

	Group	
	31/12/2022	31/12/2021
Receivable, property sales		
Opening balance	515	625
Incoming from new property sales	218	233
Incoming from other long-term receivables	248	112
Payments received	–611	–455
Total	370	515

The majority of the claims are against Swedish institutions and other reputable partners.

Note 26 Prepaid expenses and accrued income

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Prepaid expenses	9	10	0	0
Accrued income	2	1	0	0
Accrued interest income	1	0	0	0
Other items	1	0	0	0
Total	13	11	0	0

Note 27 Cash and cash equivalents

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Cash and cash equivalents	772	233	396	59
Total	772	233	396	59

Note 28 Share capital and other contributed capital

Share capital in Parent Company Magnolia Bostad AB amounts to SEK 151 m (151) and refers to 37,822,283 ordinary shares. The shares have a quotient value of SEK 4 per share. Each ordinary share corresponds to one vote. All shares registered on the balance sheet date are fully paid.

Equity in the Parent Company

Share capital

The share capital item includes the registered share capital. As on 31 December 2022, there were 37,822,283 shares (37,822,283) and the quotient value is SEK 4 per share.

Share premium reserve

The share premium reserve is part of unrestricted equity. The item arises when a newshare issue is oversubscribed.

Profit/loss carried forward

Retained profits correspond to accumulated profits and losses generated in the company with supplements/deductions for provisions to statutory reserves, dividends and other contributions from shareholders.

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SHARE CAPITAL DEVELOPMENT

Ordinary shares	Number of shares	Quotient value/ aktie, kr	Aktie-kapital, kr
Opening balance 1/1/2021	37,822,283	4	151,289,132
Closing balance 31/12/2021	37,822,283	4	151,289,132
Opening balance 1/1/2022	37,822,283	4	151,289,132
Closing balance 31/12/2022	37,822,283	4	151,289,132

Proposed appropriation of profits

The following is available to the Annual General Meeting, SEK:

Share premium reserve	180,323,859
Profit/loss carried forward	1,350,317,540
Profit/loss for the year	–86,332,288
Total	1,444,309,111
The Board proposes: o be carried forward	1,444,309,111
Total	1,444,309,111

Equity in the Group

Share capital

The share capital item includes the registered

share capital. As on 31 December 2022, there were 37,822,283 shares (37,822,283) and the quotient value is SEK 4 per share.

Other capital contributions

The item includes capital contributed by the owners, such as share premium reserves during new share issues, received shareholder contributions and hybrid loans.

Retained profits including net profit/loss for the year

Retained profits corresponds to accumulated profits and losses generated in the company with additions/deductions for allocation to the reserve fund and dividends.

Note 29 Deferred tax

	Group	
	31/12/2022	31/12/2021
Deferred tax liability		
for temporary difference between carrying amounts and taxable values of buildings	65	94
Capitalized loss deductions	–38	0
Total	27	94

Reported deferred tax liability has been calculated at 20.6% (20.6). Total loss carry-forwards without an equivalent capitalization of a deferred tax asset amount to SEK 1,178 m

(1,168), which corresponds to a deferred tax asset of SEK 242 m (241) at a tax rate of 20.6% (20.6%).

Note 30 Interest-bearing liabilities, other non current liabilities and other current liabilities

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Non-current interest-bearing liabilities				
Bank loans	770	404	–	–
Bonds	1,411	1,259	1,411	1,259
Deposits	–	77	–	77
Promissory notes	334	285	–	–
Current interest-bearing liabilities				
Promissory notes	74	–	–	–
Shareholder loans	313	–	313	–
Deposits	60	–	60	–
Bank loans	59	130	–	–
Total	3,021	2,155	1,783	1,337
Liabilities that fall due for payment within one year after the balance sheet date	506	130	373	–
Liabilities that fall due for payment between one and five years after the balance sheet date	2,365	1,800	1,411	1,337
Liabilities that fall due for payment later than five years after the balance sheet date	150	225	–	–
Total	3,021	2,155	1,783	1,337

No bonds are secured. For bank loans, the group has provided collateral amounting to SEK 1,857 m (1,406).

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	Group	
	31/12/2022	31/12/2021
Other non-current liabilities		
Acquisition liabilities	807	512
Purchase price returned to buyers	98	75
Deposits	0	0
Total	906	587
Liabilities that fall due for payment between one and five years after the balance sheet date	906	587
Liabilities that fall due for payment later than five years after the balance sheet date	–	–
Total	906	587

	Group		Parent Company	
Changes in interest-bearing liabilities and other non-current liabilities	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Opening balance	2,742	2,553	1,337	1,307
Borrowings	1,004	1,170	668	719
Amortization	–277	–1 229	–234	–701
Other non-cash flow changes	458	248	12	12
Closing balance	3,927	2,742	1,783	1,337

	Group	
	31/12/2022	31/12/2021
Other current liabilities		
Acquisition liabilities	209	518
Purchase price returned to buyers	93	73
Deposits	46	56
Seller reverse	115	0
Other liabilities	33	27
Total	402	674

Note 31 Accrued expenses and deferred income

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Accrued personnel costs	45	38	1	1
Accrued interest expenses	37	21	22	12
Deferred income	2	2	–	0
Property tax	0	0	–	–
Accrued project-related costs and provisions	85	52	–	–
Other items	16	58	7	8
Total	185	171	29	20

Note 32 Pledged assets

	Group		Parent Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Property mortgages	761	201	–	–
Pledged shares in subsidiaries	455	855	–	–
Pledged shares in associated companies	189	209	–	–
Pledged internal reversals	470	141	–	–
Total	1,875	1,406	–	–

Note 33 Contingent liabilities and other commitments

	Group		Moderbolaget	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Guarantees to the benefit of associated companies	330	90	330	–
Guarantees to the benefit of Group companies	–	–	830	481
Guarantees to the benefit of liabilities in tenant-owner associations	210	201	–	–
Guarantees to the benefit of liabilities according to turnkey contracts	230	18	230	33
Total	770	309	1,390	514

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In tenant-owned projects that have been transferred to a tenant-owner's association, the Group has a commitment to acquire housing that has not been leased with a tenant-owner's residence for a certain period of time after approved final inspection.

In certain asset acquisitions, there are additional payments that are payable if certain events occur in the future. These additional payments are recognized when the under

lying event causing an additional payment occurs.

Magnolia Bostad becomes involved in litigation and legal proceedings from time to time in its operating activities. These disputes and legal processes are not expected to affect Magnolia Bostad's financial results or position to any significant extent, either individually or together.

Note 34 Shares in Group companies

	Parent Company	
	31/12/2022	31/12/2021
Opening acquisition value	89	89
Shareholders' contribution	14	0
Closing carrying amount	102	89

Company name	Co.reg.no.	Registered office	Share of capital as a percentage ¹⁾	Carrying amount
Norefjell i Oslo Invest AB	556746-2923	Stockholm	100,0%	14
Magnolia Utveckling AB	556776-1464	Stockholm	100,0%	74
Magnolia Holding 5 AB	559314-7225	Stockholm	100,0%	14
Magnolia Hotellutveckling 2 AB	559125-7604	Stockholm	92,0%	0
				102

¹⁾ Share of capital agrees with ownership.

Note 35 Closely-related parties

Group
The Group is subject to controlling influence from HAM Nordic AB, co. reg. no. 559279-7376, with its registered office in Stockholm.

Transactions with related parties have occurred between the Parent Company and its subsidiaries and associated companies and between the subsidiaries in the form of loans of cash and cash equivalents and invoicing of internal administrative services between the companies.

Transactions with associated companies	Group	
	31/12/2022	31/12/2021
Sales to associated companies		
Svenska husgruppen Intressenter AB	-	-
JV Näsängen	36	0
Magnolia Senap AB	-	0
Moutarde Equity AB	-	0
Magnolia Projekt 595 AB	0	114
Bollmora Vårdfastigheter AB	0	0
Sollentuna Stinsen JV AB	1	3
Yard Holding 3 AB	1	2
Upplands Bro Brogårds Etapp 2 AB	34	17
Yard Holding AB	2	5
Magsam Holding AB	0	0
Magnolia Projekt 5222 AB	0	0
Fixfabriken	25	0
Total	98	167
Acquisitions from associated companies	0	0
Total	0	0

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	Group	
	31/12/2022	31/12/2021
Liabilities to associated companies		
Svenska Husgruppen Intressenter AB	0	38
FL Properties Uppsala AB	0	0
Magnolia Senap AB	0	0
Moutarde Equity AB	0	0
Yard Holding 2 AB	17	0
Bollmora Vårdfastigheter AB	0	0
Magsam Holding AB	3	0
Bryggkaffe Fastighetsutveckling AB	22	4
Upplands Bro Brogårds Etapp 2 AB	15	25
Yard Holding AB	57	84
Magnolia Projekt 595 AB	117	117
Magnolia Linnefabriken 1-4 AB	54	62
Yard Holding 3 AB	2	3
Bro Mälarstrand Bostad AB	55	40
JV Edeh Bostad AB	0	0
Total	341	375

	Group	
	31/12/2022	31/12/2021
Liabilities to associated companies		
Yard Holding AB	34	0
Upplands Bro Brogårds Etapp 2 AB	0	34
Magnolia Projekt 5224 AB	0	12
Total	34	46

During the year, Magnolia Bostad received capital contributions in the form of unconditional shareholder contributions issued by HAM Nordic AB of SEK 700 m. Previously received hybrid loans of SEK 640 m have been converted into unconditional shareholder contributions during the year.

Transactions have taken place with F. Holmström Fastigheter AB and other companies

over which Fredrik Holmström, Chairman of the Board of Magnolia Bostad AB, has a controlling influence. During the year, Magnolia Bostad Group incurred costs of SEK 2 m (2) for services acquired from companies related to the main owner Fredrik Holmström. Magnolia Bostad rented office space from F. Holmström Fastigheter AB for 1 m (1). During the year, Magnolia Bostad AB has

made a group contribution to Magnolia Holding 5 AB of SEK 67 m.

Before Fredrik Lidjan took over as CEO of Magnolia Bostad, Fredrik Lidjan AB, now Videbo invest AB, signed a profit-sharing agreement with Magnolia Bostad Group, for which SEK 0 m (0) was invoiced during the year.

Through Videbo Invest AB, Fredrik Lidjan also holds 5,000 shares in the group company Magnolia Holding 3 AB, co. reg. no. 559016-4140, 320 shares in the group company Magnolia Holding 4 AB, co. reg. no. 559114-8415 and 40 shares in the group company Magnolia Hotellutveckling 2 AB, co. reg. no. 559125-7604, for more information see Note 4 - Group composition.

Board Member Andreas Rutili, through companies, has ownership and a right to a share of the profits in the projects Senapsfabriken Phase 1 and Senapsfabriken Phase 2.

In 2017, Magnolia Bostad sold the project, Sländan Phase 2, with around 130 apartments to Viva Bostad Sländan AB, a company in which Andreas Rutili holds an indirect ownership, but not a controlling influence. Furthermore, during the year Magnolia Bostad sold the project, Fyren Phase 1, with around 220 apartments to Viva Bostad Nynäshamn AB, a company in which Andreas

Rutili holds an indirect ownership, but not a controlling influence. Both projects were sold from companies that are owned by Magnolia Holding 3 AB.

The Magnolia Bostad Group purchased no services during the year (0) from Caritas Corporate Finance AB, owned by Board member Fredrik Tibell. The services refer to ongoing financial advice.

For more information about remuneration to executive management, see Note 9 Remuneration to employees.

Parent Company

In addition to the closely related parties specified for the Group, the Parent Company has closely related parties that have a controlling nfluence over their subsidiaries. See Note 34 –Shares in Group companies. The Parent Company has sold services to Group companies for SEK 28 m (17) and purchased services for SEK 33 m (21).

During the year, Magnolia Bostad received capital contributions in the form of unconditional shareholder contributions issued by HAM Nordic AB of SEK 700 m. Previously received hybrid loans of SEK 640 m have been converted into unconditional shareholder contributions during the year.

Not 36 Events after the balance sheet date

No significant events after the end of the period.

Board of Directors' statement of assurance

The Board of Directors and the CEO ensure that the consolidated financial statements have been prepared in accordance with the IFRS international accounting standards as adopted by the EU and are a true and fair	presentation of the Group's position and performance. The annual accounts have been prepared in accordance with generally accepted auditing standards and are a true and fair presentation of the Parent Compa-	ny's position and performance. The Directors' Report for the Group and the Parent Company is a true and fair presentation of the development in the Group's and Parent	Company's operations, position and performance, and describes significant risks and uncertainties facing the Parent Company and the companies included in the Group.
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Stockholm, 4 April 2023

Fredrik Holmström
Chairman of the Board

Therese Rattik
Member

Johan Bengtsson
Member

Erika Olsén
Member

Erik Rune
Member

Fredrik Tibell
Member

Johan Tengelin
CEO

We issued our Auditor's Report on 4 April 2023

Ernst & Young AB

Fredric Hävrén
Authorized auditor

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Auditor's report

To the general meeting of the shareholders of Magnolia Bostad AB (publ), corporate identity number 556797-7078

Report on the annual accounts and consolidated accounts

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Opinions

We have audited the annual accounts and consolidated accounts of Magnolia Bostad AB (publ) for the financial year 2022. The annual accounts and consolidated accounts of the company are included on pages 59-104 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services

referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audit-ed company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each mat-ter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities de-scribed in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit proce-dures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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REVENUE RECOGNITION FROM SALES OF DEVELOPMENT AND PROJECT PROPERTIES

Description	How our audit addressed this key audit matter		
<p>The Group's net sales attributable to the sale of development and project properties amounted to SEK 206 m for 2022. The Group recognizes revenue from projects development when (i) a binding agreement is entered into with a purchaser of the project (property), (ii) local planning is in place, and (iii) a binding turnkey contract has been entered with a contractor. The transaction price includes elements of variable considerations, linked to future property area, rental level and vacancy level. Variable considerations in the transaction price linked to the property area consist of planning risk and potential risk in the turnkey contract. Planning risk is based on knowledge of the local planning and revenue is accounted for when building permit is received and the uncertainty linked to planning risk ceases.</p>	<p>Risk in the turnkey contract is considered ceased and revenue is accounted for when the turnkey contract has been completed. The Group makes an individual assessment of the expected value of variable considerations in each individual project at the end of each reporting period. Revaluations of the assessed expected end project result results in a correction of previously reported result, which increases or decreases revenue, in the period which the transaction price changes.</p>	<p>In our review, we have reviewed the Group's accounting principles for revenue recognition. We have evaluated and assessed a selection of the Group's controls for revenue recognition.</p>	<p>reliability of estimated final transaction cost against past estimates.</p>
	<p>Due to the complexity of the assessments and assumptions made, in several areas as aspects, this is a key audit matter in our audit. The accounting and valuation principles are stated in Note 1 (accounting principles) and Note 2 (critical assessments and estimations).</p>	<p>We have conducted detailed review of significant agreements, calculations and assessments regarding estimated transaction prices, including estimates of risks for different types of revenue reductions.</p> <p>We have reviewed the Group's assessments of the expected value of variable considerations in the transaction price and revaluations of estimated project results on significant transactions, including evaluating the</p>	<p>We have reviewed the information disclosed in the annual report.</p>

VALUATION OF DEVELOPMENT AND PROJECT PROPERTIES

Description	How our audit addressed this key audit matter		
<p>Consolidated carrying value of development and project properties amounted to SEK 1,348 m in the statement of financial position at December 31, 2022.</p>	<p>based on a number of assumptions, such as planning and development costs, time aspect and estimated sales price, resulting in valuation of development and project properties being considered as a key audit matter in our audit, as a result of the uncertainties included in the assumptions. The accounting and valuation principles are stated in Note 1 (accounting principles) and Note 2 (critical assessments and estimations).</p>	<p>Our audit includes review of acquisition cost of development and project properties and the internal valuation prepared by the Group. We have reviewed assumptions including expected yields, planning and development</p>	<p>costs and estimated sales price. We have reviewed that booked value is at the lower of acquisition cost and net realizable value.</p>
<p>The development and project properties are classified as inventories. Book value is at the lower of acquisition cost and net realizable value (estimated sales price after deduction of selling expenses and completion costs). The assessment of net realizable value is</p>			<p>We have reviewed the information disclosed in the annual report.</p>

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VALUATION OF INVESTMENT PROPERTIES

Description

The fair value of the Groups investment prop-
erties amounted to SEK 2,489 m on Decem-
ber 31, 2022. The changes in value during the
year, reported in the Group's income state-
ment, amounted to SEK -230 m.

The valuations are prepared in accordance
with the discounted cash flow model, whereby
the future cash flows are forecast. The prop-
erties are valued internally, with additional
external valuation for control purposes. The
required yields for the properties are assessed
on each property's unique risk profile and

observable transactions in the market for
properties with a similar nature. Based on
the high degree of assumptions and assess-
ments which are made in connection with
the property valuations, we believe that this
area is a key audit matter in our audit.

A description of the valuation of the prop-
erty portfolio is stated in the annual report
in Note 1 "Accounting principles" in Not 1 on
page 75, in Not 2 on page 81 and in Not 19 on
page 92.

How our audit addressed this key audit matter

In our audit we have evaluated the company's
process for property valuation by evaluating
the valuation methodology, valuation model
and input data in the internally and externally
prepared valuations.

We have reviewed a sample of valuations and
reviewed that the valuations follow Magnolia
Bostad's guidelines for valuation and valua-
tion method. For a selection of properties, we
have reviewed the input data for Magnolia
Bostad's valuation model. We have discussed
important assumptions and assessments with
Magnolia Bostad's valuers.

have also made comparisons with known
market information. With the support of our
valuation specialist, we have for a selection
of properties also examined the reasona-
bleness of assumptions made such as yield
requirements, rental in-come and operating
costs. We have evaluated the competence
and objectivity of the external valuers. We
have evaluated the skills and objectivity of the
external experts.

We have reviewed the disclosures provided in
the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other informa-
tion than the annual accounts and consoli-
dated accounts and is found on pages 3–58,
110–125, 127–133 and 135–138. The Board of
Directors and the Managing Director are
responsible for this other information.

Our opinion on the annual accounts and con-
solidated accounts does not cover this other
information and we do not express any form
of assurance conclusion regarding this other
information.

In connection with our audit of the annual
accounts and consolidated accounts, our
responsibility is to read the information
identified above and consider whether the in-
formation is materially inconsistent with the
annual accounts and consolidated accounts
In this procedure we also take into account
our knowledge otherwise obtained in the au-

dit and assess whether the information oth-
erwise appears to be materially misstated.

If we, based on the work performed concern-
ing this information, conclude that there is a
material misstatement of this other informa-
tion, we are required to report that fact. We
have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing
Director are responsible for the preparation
of the annual accounts and consolidated ac-
counts and that they give a fair presentation
in accordance with the Annual Accounts Act
and, concerning the consolidated accounts, in
accordance with IFRS as adopted by the EU.
The Board of Directors and the Managing
Director are also responsible for such internal
control as they determine is necessary to
enable the preparation of annual accounts
and consolidated accounts that are free

from material misstatement, whether due to
fraud or error.

In preparing the annual accounts and
con-solidated accounts, The Board of Direc-
tors and the Managing Director are respon-
sible for the assessment of the company's
and the group's ability to continue as a
going concern. They disclose, as applicable,
matters related to going concern and using
the going concern basis of accounting. The
going concern basis of accounting is howev-
er not applied if the Board of Directors and
the Managing Director intends to liquidate
the company, to cease operations, or has no
realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable as-
surance about whether the annual accounts
and consolidated accounts as a whole are
free from material misstatement, wheth-
er due to fraud or error, and to issue an

auditor's report that includes our opinions.
Reasonable assurance is a high level of as-
surance, but is not a guarantee that an audit
conducted in accordance with ISAs and gen-
erally accepted auditing standards in Sweden
will always detect a material mis-statement
when it exists. Misstatements can arise from
fraud or error and are considered material
if, individually or in the aggregate, they could
reasonably be expected to influ-ence the eco-
nomic decisions of users taken on the basis
of these annual accounts and consolidated
accounts.

As part of an audit in accordance with ISAs,
we exercise professional judgment and main-
tain professional skepticism throughout the
audit. We also:

- Identify and assess the risks of material
misstatement of the annual accounts and
consolidated accounts, whether due to
fraud or error, design and perform audit
procedures responsive to those risks, and

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obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of

significant audit findings during our audit, including any significant deficiencies in internal control that we identified. We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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Opinions
 In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Magnolia Bostad AB (publ) for the financial year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions
 We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
 The Board of Directors is responsible for the proposal for appropriations of the company's

profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
 Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to

the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and

violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Box 7850, 103 99 Stockholm, was appointed auditor of Magnolia Bostad AB (publ) by the general meeting of the shareholders on the 28th of April 2022 and has been the company's auditor since the 7 May 2014. Magnolia Bostad AB (publ) became a public interest company in 2017.

Stockholm, 4 April 2023
 Ernst & Young AB

Fredric Hävrén
 Authorized Public Accountant

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Income statement Amounts in SEK m	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020	01/01/2019 –31/12/2019	01/01/2018 ¹⁾ –31/12/2018
Net sales	569	1,268	2,358	896	1,054
Production and operating costs	–795	–1,117	–1,764	–866	–907
Gross profit	–226	151	594	30	147
Central administration	–98	–107	–98	–89	–64
Profit/loss from shares in associated companies	–193	88	74	77	14
Revaluation during transition from associated company to subsidiary	–	–	–	–	–
Change in value of investment properties	–230	128	336	348	67
Operating profit/loss	–747	260	906	366	164
Financial income	19	5	2	17	8
Financial expenses	–201	–190	–183	–189	–150
Change in value of financial instruments	–	–	–	–	–
Profit/loss before tax	–929	75	725	194	22
Income taxes	67	–25	–37	–37	–15
PROFIT/LOSS FOR THE YEAR	–863	50	688	157	7
Profit/loss attributable to					
Parent Company's shareholders	–790	60	658	129	10
Holding without a controlling interest	–73	–10	30	28	–3

¹⁾ Not recalculated as a result of changed accounting principles for tenant-owner associations.

Report on financial position Amounts in SEK m	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018 ¹⁾
ASSETS					
Goodwill	6	6	6	6	6
Other intangible fixed assets	1	1	0	0	1
Total intangible fixed assets	7	7	6	6	7
Investment properties	2,489	2,276	1,483	654	295
Right of use assets	49	55	72	51	–
Machinery and equipment	4	7	12	12	19
Total tangible fixed assets	2,541	2,338	1,567	717	314
Shares in associated companies and joint ventures	515	607	350	188	106
Receivables from associated companies	192	159	45	201	56
Other long-term securities held	–	31	41	31	31
Other long-term receivables	910	1,179	1,059	563	978
Total financial fixed assets	1,618	1,976	1,495	983	1,171
Total fixed assets	4,166	4,320	3,068	1,706	1,492
Current assets					
Development and project properties	1,348	810	999	1,382	1,196
Tenant-owned apartments	4	4	11	9	10
Accounts receivable	17	16	45	41	21
Receivables from associated companies	149	217	136	64	38
Other receivables	439	608	742	414	440
Prepaid expenses and accrued income	13	11	19	11	14
Cash and cash equivalents	772	233	277	441	395
Total current assets	2,742	1,899	2,229	2,361	2,114
TOTAL ASSETS	6,908	6,219	5,297	4,067	3,605

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Report on financial position					
Amounts in SEK m	31/12/2022	31/12/2021	31/12/2020	31/12/2019	31/12/2018 ¹⁾
EQUITY/LIABILITIES					
Equity attributable to Parent Company's shareholders	2,227	2,317	1,624	1,042	937
Holdings without a controlling influence	18	89	109	99	156
Total equity¹	2,245	2,406	1,733	1,141	1,093
Deferred tax liability	27	94	68	38	17
Non-current interest-bearing liabilities	2,515	2,025	1,377	1,667	1,914
Non-current liabilities to associated companies	24	22	10	–	18
Non-current leasing liabilities	36	43	57	39	–
Other non-current liabilities	906	587	532	42	34
Total non-current liabilities	3,507	2,771	2,044	1,786	1,983
Current interest-bearing liabilities	506	130	644	824	278
Current leasing liabilities	18	16	18	13	–
Accounts payable	33	27	65	68	23
Liabilities to associated companies	11	24	13	1	0
Tax liabilities	0	0	0	0	0
Other current liabilities	402	674	626	105	114
Accrued expenses and deferred income	185	171	154	129	114
Total current liabilities	1,155	1,042	1,520	1,140	529
TOTAL EQUITY OCH LIABILITIES	6,908	6,219	5,297	4,067	3,605

¹⁾ Not recalculated as a result of changed accounting principles for tenant-owner associations.

Cash flow analysis	01/01/2022	01/01/2021	01/01/2020	01/01/2019	01/01/2018 ¹⁾
Amounts in SEK m	–31/12/2022	–31/12/2021	–31/12/2020	–31/12/2019	–31/12/2018
Operating activities					
Profit/loss after financial poster	–929	75	725	194	22
Adjustments for non-cash flow items, etc.	576	–363	–1 043	–443	–301
Income tax paid	0	0	0	0	0
Cash flow from operating activities before changes in working capital	–353	–288	–318	–249	–279
Cash flow from changes in working capital					
Decrease (+)/increase (–) of development and project properties	–571	–432	–627	–317	–71
Decrease(+)/increase (–) of operating receivables	641	292	1 141	506	373
Minskning (–)/ökning (+) av rörelseskulder	–122	141	209	42	–43
Cash flow from operating activities	–404	–288	405	–18	–20
Investment activities					
Acquisition of intangible fixed assets	–	–1	0	0	0
Acquisition of investment properties	–395	–394	–114	–282	–21
Sale of investment properties	–	142	–	–	–
Acquisition of machinery and equipment	–	–1	–6	–3	–8
Investments in financial assets	–105	–53	–48	–11	–8
Sales/reduction of financial assets	35	4	0	29	0
Cash flow from investment activities	–465	–303	–168	–267	–21

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Cash flow analysis Amounts in SEK m	01/01/2022 –31/12/2022	01/01/2021 –31/12/2021	01/01/2020 –31/12/2020	01/01/2019 –31/12/2019	01/01/2018 ¹⁾ –31/12/2018
Financing activities					
Shareholder contribution	700	-	-	-	-
Amortization of leasing liability	-19	-18	-	-	-
Issue of warrants	-	-	0	0	2
Hybrid loan received	-	640			
Contribution from holding without a controlling influence	-	17	-	-	-
Borrowings	1,004	1,170	1,513	677	1 147
Buy-back of warrants	-	-4	-	-	-
Repayment of borrowings	-277	-1,229	-1,810	-264	-848
Dividend paid to Parent Company's owners	-	-	-76	-	-66
Dividend paid to holdings without controlling influence	-	-29	-28	-86	-7
Acquisition of interests without controlling Influence	-	0	-	-3	-
Cash flow from financing activities	1,408	547	-401	324	228
Cash flow for the year	539	-44	-164	39	187
Cash and cash equivalents at start of the year	233	277	441	403	208
Cash and cash equivalents at the end of the year	772	233	277	441	395

¹⁾ Not recalculated as a result of changed accounting principles for tenant-owner associations.

Alternative performance indicators

Guidelines for alternative performance indicators have been issued by the European Securities and Markets Authority (ESMA). Guidelines for alternative performance indicators aim to facilitate comprehension of these indicators and thus improve their usability. The alternative performance indicators offer additional valuable information to assess the company's operations.

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Non-IFRS financial indicators	Definition	Reason used
Return on equity, %	Net profit/loss for the year attributable to the Parent Company's shareholders as a percentage of the average equity attributable to the Parent Company's shareholders.	Return on equity shows the return generated on the capital invested by shareholders in the Company and in the accumulated results.
Equity per share	Equity attributable to Parent Company shareholders divided by the number of outstanding basic shares.	Equity per share is presented because it is a measure that shows the book value per share.
Net financial items	Net of financial income and financial expenses.	Net financial items are listed to give a picture of the profit/loss generated by the Company's financing activities.
Cash flow from operating activities, per share	Cash flow from operating activities divided by the average number of outstanding shares before dilution.	Cash flow from operating activities per share is presented to give a picture of funds generated by operating activities per share.
Realized growth in value	Revenue from the sale of investment properties less acquisition cost, accumulated investments and costs for sale.	Realized growth in value shows the result of completed sales measured from acquisitions to sales.
Profit/loss after financial	Operating profit/loss plus financial income minus financial expenses.	Profit/loss after financial items presents the Company's profit/loss after tax.
Interest-bearing net liabilities	Interest-bearing liabilities minus cash and cash equivalents.	Interest-bearing net liabilities are presented as they can be used to show the financial position.
Interest coverage ratio, multiple	Profit/loss after financial items with reversal of financial expenses, adjustment for changes in value of investment properties and supplements for realized growth in value growth and deduction for unrealized changes in value of investment properties divided by financial expenses.	Interest coverage ratio is presented as it can be used to give a picture of the company's ability to cover interest rate costs.

Non-IFRS financial indicators	Definition	Reason used
Operating profit/loss	Net sales minus costs for production and operation, central administration, depreciation/ amortization and impairment of intangible assets and property, plant and equipment and profit/loss from participations in associated companies	Operating profit/loss and operating margin is presented to give a picture of the profit/loss generated in operating activities.
Equity/assets ratio, %	Equity, including holdings without a controlling influence, as a percentage of the balance sheet total.	The equity/assets ratio is used to measure the Company's financial position. The equity/assets ratio shows how much of the Company's assets is financed with its own funds.
Profit margin, %	Net profit for the year as a percentage of net sales.	Profit margin is presented to give a picture of the profit generated in operating activities and their financing.

For reconciliation of alternative KPIs, refer to Magnolia Bostad AB's website, www.magnolia-bostad.se.

Sustainability reporting

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Our work on sustainable urban development is based on key sustainability areas, governance and adaptation to global sustainability goals. We have chosen to divide the Sustainability Report into two sections. We will describe our sustainability work in one part and present facts, with tables and documentation, in the other.

This is Magnolia Bostad's sixth sustainability report. It has been prepared in accordance with the GRI Standard guidelines, GRI 1 Foundation. The report contains information and targets for the company's sustainability work, where the precautionary principle has been applied. All information in the report refers to the period 1 January 2022–31 December 2022, unless otherwise stated.

The sustainability report consists of pages 13–29 and 114–125. The company's business model can be found on page 10 and the GRI index can be found on pages 123–125. Magnolia Bostad's sustainability risks and their management are described on pages 64–66.

Through experts in our relevant areas of responsibility climate, environment, social, business ethics and finance we aim to highlight important aspects and insights, see pages 18–28.

The Magnolia Bostad sustainability report is issued by the Board.

In Upplands-Bro, we are developing a new neighborhood and completed bridges in 2022 that can be used as sun decks by the residents.



Sustainability management

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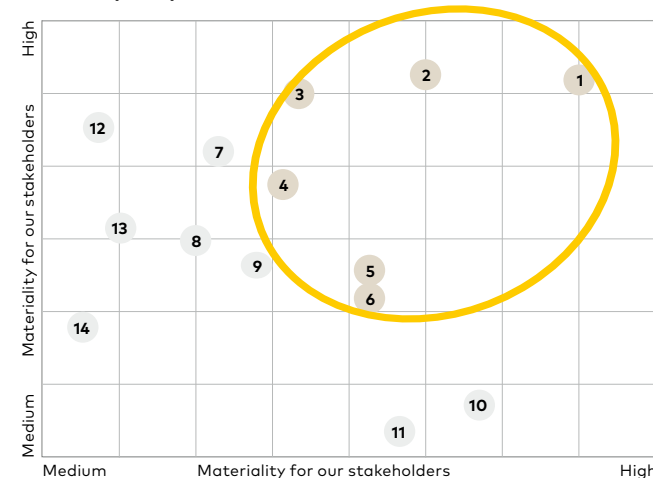
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Magnolia Bostad's essential sustainability aspects are integrated into the overall business strategy and business plan. The company's CFO is responsible for the company's sustainability work, and the Sustainability Manager reports to him. Sustainability issues are discussed and decided on at executive management meetings and reported on at the company's board meetings. Strategy and policy documents are revised by the Board or the CEO once a year.

The company has codes of conduct and environmental policies for employees, suppliers and various partners. We have a whistleblowing function, a conflict of interest policy and a board diversity policy. The company also has an ethics council, an emergency committee and a health and safety committee.

In the management of green bond funds, we have a supervisory committee to ensure that only eligible projects are funded. Each year, this is presented in a report published on the Magnolia Bostad website and audited by the company's auditor.

Materiality analysis



The materiality analysis was carried out during 2020.

Ranking Material sustainability aspects

Ranking	Material sustainability aspects
1	Health and safety for Magnolia Bostad employees
2	Anti-corruption
3	Reduced environmental impact
4	Sustainable profitable growth
5	Security
6	Sustainable purchasing and evaluation of suppliers
7	Sustainable construction materials
8	Energy consumption
9	Waste
10	Training, skills and internal career opportunities
11	Information security
12	Health and safety on turnkey contracts
13	Human rights
14	Affordable housing

Magnolia Bostad's stakeholders



Materiality analysis

The company's most significant sustainability issues and focus areas have been identified through a materiality analysis that was last produced in 2020. Stakeholder dialogue was conducted through interviews and text data collection. The analysis is regularly updated.

There are six material sustainability aspects forming the basis of the company's strategical sustainability priorities.

The UN's global goals for sustainable development

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Given our role in society and our materiality analysis, we have chosen to focus on eight of the UN's Sustainable Development Goals. We have also considered the most relevant targets based on materiality linked to each goal.

Goal 5 Gender equality

For social sustainability, Goal 5 is important to how we work in our operations and how we work with our engagement with the community.

Targets 5.1 and 5.5: End discrimination against women and girls and Ensure women's full participation in leadership and decision-making

- We support around 30 girls' and women's football clubs across the country in order to actively promote gender equality, safety, inclusion and health.
- We are committed to gender equality in the company. The company currently has slightly more female employees than male, 53% women and 47% men. Men outnumber women in management and the Board of Directors, with 41% of the management team being women and 59% men.

Magnolia Bostad has zero tolerance for harassment and discrimination and has an ethics council and a health and safety committee that works preventively.

- Our code of conduct is signed by all employees and is also attached to external agreements with partners and partners receiving sponsorship.
- We have a whistleblowing function for employees and external stakeholders.

Goal 7 Affordable and clean energy

Within our environmental responsibility, target 7 is central to how we work on sustainable energy.

Targets 7.2 and 7.3: Increase global percentage of renewable energy and Double the improvement in energy efficiency

- We are actively working to provide our projects and homes with smart, sustainable energy solutions. We aim to create the conditions for the increased use of renewable energy.
- Through design, materials and energy choices, we work to increase energy efficiency. These are monitored at the time of environmental certification.

Goal 8 Decent work and economic growth

In business ethics and financial responsibility, Goal 8 underpins how we work and view sustainability in relation to growth.

Targets 8.1 and 8.8: Sustainable Economic Growth and Protect labour rights and promote safe working environments for everyone

- Sustainable profitable growth is a prerequisite for the continued future of Magnolia Bostad. Sustainability is integrated into the business plan and business model.
- Magnolia Bostad promotes a safe and secure working environment through the ethics council, emergency committee, health and safety committee and employee forums.
- Magnolia Bostad maintains active dialogue with its stakeholders and sets requirements for the work environment in contractual agreements and carries out a total audit of a contractor every year, includ-



ing an audit of the work environment.

- The company's code of conduct includes Magnolia Bostad's position on human rights violations.

Goal 10 Reduced inequalities

In terms of social responsibility, goal 10 is important to how we work within our business..

Target 10.3: Ensure equal opportunities and end discrimination

- The company works against unequal outcomes in terms of remuneration, such as through pay mapping carried out each year, where any unjustified differences are corrected.
- Magnolia Bostad conducts annual employee surveys and works actively with the results through internal discussion and evaluation.

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Goal 11 Sustainable cities and communities

An important goal for how we work with environmental and climate responsibility, but also part of our green framework for sustainable financing and financial sustainability.

- Targets 11.1, 11.3 and 11.6: Safe and affordable housing, Inclusive and sustainable urbanization and Reduce the environmental impacts of cities*
- By developing rental accommodation, tenant-owned apartments, community service properties and hotels, Magnolia Bostad develops communities and residential areas that attract a wide range of people.
 - Magnolia Bostad develops neighbourhoods with a focus on enabling residents to make sustainable choices in terms of reduced environmental impact.
 - By developing smart mobility solutions in our projects, we contribute to sustainable urbanisation.

Goal 13 Climate action

An important goal for how we work with environmental and climate responsibility, but also part of our green framework for sustainable financing and financial sustainability.

- Targets 13.1 and 13.3: Strengthen resilience and adaptive capacity to climate-related disasters and Build knowledge and capacity to meet climate change*
- Vid utveckling av nya stadsdelar beaktar Magnolia Bostad risken för klimatförändringar, såsom att havsnivåer förväntas att stiga och att extremväder bedöms bli vanligare.
 - Vi för en aktiv dialog med myndigheter och samarbetspartners kring hur man tillsammans utvecklar motståndskraftiga stadsdelar och minskad klimatpåverkan.

Goal 15 Ecosystems and biological diversity

As part of our environmental responsibility, biodiversity is an important area and we strive to reduce our negative impact.

- Targets 15.5: Protect biodiversity and natural habitats, including through engagement*
- Magnolia Bostad strives to reduce its negative impact by working in close dialogue with specialists, municipalities and interest groups on how to protect nearby habitats.
 - Only certified wood from sustainable forests is used in projects built with timber frames.

Goal 16 Peaceful and inclusive societies

A key area of business ethics that is essential to our operations is anti-corruption, which we strive to combat in line with Goal 16 of Agenda 2030.

- Targets 16.5: Substantially reduce corruption and bribery*
- Magnolia Bostad works preventively against corruption and bribery in dialogue with partners and employees through the company's code of conduct and whistleblowing function.
 - In the company's projects, safety and security are mandatory aspects to consider when developing housing. The company works in accordance with the BoTryggt2030 guidelines to ensure this.



Sustainability notes

Created value

We create value through the development of housing and communities. The reported distributed value to the employees (in the table below) differs from reported personnel costs in Note 9, Remuneration to employees. In the table below, part of the costs are capitalized and reported as operating expenses and socialsecurity contributions and other personnel-related taxes are taken out and reported as payments to the public sector. On the other hand, Note 9, Remuneration to employees includes the total payments relating to personnel. Figures in the tables are averages for the year unless otherwise stated.

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Sustainability aspect	Target	Outcome	
Sustainable profitable growth	For Magnolia Bostad's business and financial objectives, see page 10	Direct financial value created and delivered, GRI 201-1	
		SEK m	
		2022	2021
		Created value	
		Property sales	207938
		Project management revenue	4959
		Rental income	1919
		Financial income	145
		Other income	295253
		Distributed value	
		Operating expenses	-782-1,111
		Employee wages and benefits	-61-69
		Payments to providers of capital	-206-219
		(of which dividends to owners)	(-5)(-29)
		Payments to the public sector	-46-44
		Community investments	00
		Unrealized changes in value	-359191
		Remaining in Magnolia Bostad	-86821

Sustainability aspect	Target	Outcome	
anti-corruption	No cases of corruption	Incidents of corruption GRI 406-1/205-3	
		Reported cases	
		Discrimination	0
		Violations	0
		Corruption	0
		Violations of the code of conduct	0
Sustainable purchasing and supplier evaluations		2022	
		All new employees must sign the code of conduct	Percentage of new employees who have signed the company's code of conduct100%
		All employees must undergo training in the Code of Conduct	Percentage of employees trained in human rights GRI 412-2100%
		An audit of a contractor must be carried out every year	Number of suppliers audited regarding agreement fulfilment and Code of Conduct, GRI 414-10

Environment

Sustainability aspect	Target	Outcome	
		2022	2021
Reduced environmental impact	All projects must be certified in accordance with a minimum of the Swedish Green Building Council's silver certification, the Nordic Swan Ecolabel or an equivalent standard	Type and number of sustainability certifications, rankings and markings according to new buildings, GRI CRE-8	6 out of 6 completed projects were certified or planned to be certified in accordance with the Swedish Green Building Council's silver certification, the Nordic Swan Ecolabel or equivalent
			7 out of 9 completed projects were certified or planned to be certified in accordance with the Swedish Green Building Council's silver certification, the Nordic Swan Ecolabel or equivalent
Reduced environmental impact	Climate impact of operations must be measured	2022	2021
		Greenhouse gas emissions in CO2e for scope 1, 2 and 3 according to the Greenhouse Gas Protocol GRI 305	See page 123 –

Social responsibility

Sustainability aspect	Target	Outcome		
		2022	2021	
Health and safety for Magnolia Bostad employees	All employees must be covered by a health and safety committee	Representation on working environment committees, GRI 403-1		
		100%	100%	
	No workplace accidents	Number of work-place accidents, GRI 403-9		
		Absence due to illness ¹⁾	2,2%	2,5%
		Of which short-term illness	34%	44%
		Of which long-term illness	66%	56%
		Occupational injuries ²⁾	0	1
		Deaths	0	0
		¹⁾ Long-term absence due to illness is defined as sick leave exceeding four weeks. In 2022, fewer than two people have been on long-term sick leave.		
	Low staff turnover	Staff turnover 401-1	Percentage of women	Percentage of men
				Total
Training and skills development	The average number of hours of training per woman and man and job category should exceed 40 hours per year	Total average hours of training, GRI 404-1		
		2022	Women	Men
				Total
		Executive Management	24	7
		Managers	16	22
		Employees	14	12
		Total	18	14
		2021	Women	Men
				Total
		Executive Management	13	6
		Managers	17	17
		Employees	21	23
		Total	20	20

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Sustainability aspect	Target	Outcome				
Training and skills development	All employees should have annual performance re-views and career planning	Performance reviews and career planning GRI 404-3				
		Percentage of employees with regular performance reviews and career planning				100%
Diversity and gender equality	Gender breakdown between women and men	Diversity of governance bodies and em-ployees, GRI 405-1, based on average number of employees during 2022				
		2022				
		2022	Board of Directors	Executive Management	Em-ployees	Total
		Gender distribution				
		Women	30%	40%	46%	39%
		Men	70%	60%	54%	61%
		Age group				
		<30	0%	0%	9%	3%
		30-50	37%	60%	73%	57%
		>50	63%	40%	18%	40%
		2021	Board of Directors	Management	Em-ployees	Total
		Gender distribution				
		Women	30%	41%	54%	53%
		Men	70%	59%	46%	47%
		Age group				
		<30	0 %	0%	9%	8%
		30-50	37%	80%	80%	78%
		>50	63%	20%	11%	14%

Sustainability aspect	Target	Outcome			
Diversity and gender equality	Gender breakdown between women and menn	Total number of employees by gender, region and employment type, GRI 102-8, number of employees as of 31 December 2022			
		2022			
		Region	Women	Men	Total
		Eastern Region	11	19	30
		Central Region	3	4	7
		Western Region	1	6	7
		Southern Region	4	5	9
		Northern Region	0	6	6
		Central functions	28	17	45
		Total	47	57	104
		2021			
		Region	Women	Men	Total
		Eastern Region	12	19	31
		Central Region	3	5	8
		Western Region	2	6	8
		Southern Region	3	5	8
		Northern Region	0	5	5
		Central functions	37	18	55
		Total	57	58	115

Climate footprint

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In its 2022 Annual Report, Magnolia Bostad is reporting it's carbon footprint in accordance with the Greenhouse Gas Protocol, scope 1-3, for the second time. This measurement will be followed up on an annual basis.

Magnolia Bostad has developed frameworks for both activity data and transaction data. The calculations were performed by Normative. The lower climate footprint for 2022 reflects the weaker market situation and appears primarily under Purchased goods and services.

Greenhouse Gas Protocol

The Greenhouse Gas Protocol is the most widely accepted international standard for the understanding, quantifying and managing of greenhouse gas emissions. This prevalence makes it easier for organizations that follow the Protocol to compare their emissions with those of others. The Protocol divides emissions into different scopes.

- Scope 1** covers direct emissions from sources controlled by the company.
- Scope 2** consists of indirect emissions made by the producer from purchased electricity, heating and cooling.
- Scope 3** includes emissions from activities that are not covered by Scope 1 or Scope 2.

Climate footprint

KgCO ₂ e	2022	2021
Scope 1		
Company vehicles	16,450	33,082
Total	16,450	33,082
Scope 2		
Offices		
Electricity	1,900	55,926
Heating	30,230	40,533
Cooling	3,270	130,779
Property holdings		
Energy (Electricity, heating, cooling)	145,980	24,283
Total	181,380	251,521
Scope 3		
Business travel	3,200	27,039
Fuel and energy-related activities	18,060	N/A
Upstream transport and distribution	680	N/A
Waste	520	12,500
Purchased goods and services ¹⁾	2, 701,810	5,704, 452
Downstream leased assets	73,500	N/A
Total	2,797,770	5,743,991
Total scope 1, 2 and 3 (kgCO₂e)	2,995,600	6,028,594

¹⁾ Transaction data from construction is reported in the 2022 annual report under scope 3 – Purchased goods and services. In the 2021 annual report, Transaction data from construction was reported only in the Other metrics table.

Other metrics ²⁾	2022	2021
Climate footprint per square metre of GFA		
Property holdings, kgCO ₂ e/m ²)	4,7	1,64
Construction of buildings		
Transaction data from construction, kgCO ₂ e	2,283,400	5,072 686
Company vehicles, kWh	66,316	N/A
Officieontor, kWh	1,216,846	N/A
Energy consumption		
Property holdings, kWh/m ²	82,34	46,5
Proportion of renewable energy, offices (%)	95	23

²⁾ The measurement figures are also included in the measurement figures for climate footprint Scopes 1, 2 and 3.

The EU taxonomy for sustainable activities

The EU taxonomy is a new regulatory framework and classification system for economic activity. The purpose is to create comparability between investments through common definitions of sustainability. The aim is to increase the allocation of capital to sustainable solutions and contribute to complying with Agenda 2030 and the Paris Agreement. Firstly, climate targets have been included. 2022 is the first year that larger companies covered by the legal requirement must start reporting how big share of the business is affected by the taxonomy. Magnolia Bostad is not covered by the reporting requirement but reported in 2021 based on the EU's taxonomy, see page 27. See also Ciceros Company Assessment at: www.magnoliabostad.se.



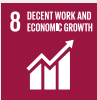

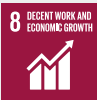

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Statement on the accounting Magnolia Bostad reports in accordance with GRI Standards for the period 1 January, 2022 – 31 December, 2022.				
Use of GRI GRI 1: Foundation 2021.				
GRI Standard		Details	Page reference	Comments
GENERAL INFORMATION				
GRI 2: General Disclosures	2-1	Information about the organization	8, 75	
	2-2	Units covered by the Sustainability report	115	
	2-3	Accounting period, frequency and contact person	115	Publication April 2023. Contact person: Fredrik Westin, CEO & CFO.
	2-4	Changes in previously reported information		No changes have been made to previously reported information.
	2-5	External validation	126	The sustainability report has not been externally reviewed, but has received the auditor's opinion.
	2-6	Activities, value chain and other business relations	8–11, 14, 47–57	
	2-7	Employees	119–121	
	2-8	Non-employed employees		None
	2-9	Composition and structure of governance	128, 131–132	
	2-10	Nominatin and election of the highest governing body	128	
	2-11	Chairman of the highest governing body	131	
	2-12	The highest governing body's role in the work with review and management of impact	25	
	2-13	Delegation of decision-making to manage impact	25, 116	

GRI Standard		Details	Page reference	Comments
GENERAL INFORMATION				
	2-14	The highest governing body's role in relation to the sustainability report	115	
	2-15	Conflict of interest	65	
	2-16	Communication of critical issues	25	
	2-17	Collective knowledge of the highest governing body	119–121	
	2-18	Evaluation of the work of the highest governing body	128	
	2-19	Compensation Policy	88–89	
	2-20	Process for determining allowances	88–89	
	2-21	Annual total compensation rate		None
	2-22	Statement on strategy for sustainable development	5–6, 38	
	2-23	Policy commitment	25–26	
	2-24	Anchoring of policy commitment	25–26, 116, 129	
	2-25	Process to address adverse impact	25–26, 116, 129	
	2-26	Mechanisms for advising and reporting matters	129	
	2-27	Compliance with laws and regulations	128–130	
	2-28	Membership in organizations	18–24	
	2-29	Stakeholder engagement method	10–11, 116	
	2-30	Collective bargaining agreements		None







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GRI Standard	Details		Page reference	SDG ¹⁾	Comments
SIGNIFICANT FOCUS AREAS					
Economy					
<i>Sustainable profitable growth</i>				 	
<i>GRI 3: Material Topics 2021</i>	3-3	Management of material topics	10–11, 25, 27, 116, 119, 128		
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	119		
<i>Anti-Corruption</i>				 	
<i>GRI 3: Material Topics 2021</i>	3-3	Management of material topics	25, 116, 129		
GRI 205: Anti-corruption	205-3	Corruption incidents and measures	65, 119		
<i>Sustainable purchasing and supplier evaluations</i>				 	
<i>GRI 3: Material Topics 2021</i>	3-3	Management of material topics	25, 116		
GRI 412: Human Rights Assessment	412-2	Employee training on human rights	22		
	414-1	Number of suppliers audited regarding agreement fulfillment and Code of Cobdyc	20		

GRI Standard	Details		Page reference	SDG ¹⁾	Comments
SIGNIFICANT FOCUS AREAS					
Climate					
Reduced climate impact					
GRI 3: Material Topics 2021	3-3	Management of material topics	18, 25, 116		
GRI 305: Växthusgas-utsläpp	GRI 305-1	Direct (Scope 1) greenhouse gas emissions	122		
	GRI 305-2	Indirect (Scope 2) greenhouse gas emissions	122		
	GRI 305-3	Other indirect (Scope 3) greenhouse gas emissions	122		
	GRI 305-4	Greenhouse gas emissions intensity measures	122		

¹⁾ SDG: Sustainable Development Goals. The global sustainable development goals.

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GRI Standard	Details		Page reference	SDG ¹⁾	Comments
Significant focus areas					
Environment					
Reduced environmental impact				 	
GRI 3: Material Topics 2021	3-3	Management of material topics	20, 116		
GRI Construction and Real Estate Sector Supplement	CRE-8	Type and number of sustainability certifications, rankings and markings for new construction	20		
Social					
Health and safety for Magnolia Bostad employees				 	
GRI 3: Material Topics 2021	3-3	Management of material topics	22–24, 116		
GRI 403: Occupational Health and Safety	403-1	Representation in work environment committees	25, 116		
	403-9	Work-related injuries and illnesses	120		
Training and skills development				 	
GRI 3: Material Topics 2021	3-3	Management of material topics	22, 25, 116, 119–121		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	119–121		
	404-3	Percentage of employees with regular performance reviews and career planning	119–121		

GRI Standard	Details	Page reference	SDG ¹⁾	Comments
Significant focus areas				
Diversity and gender equality				
GRI 3: Material Topics 2021	3-3	Management of material topics	22, 25, 116, 117, 119–121	 
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	119–121	
Security				
GRI 3: Material Topics 2021	3-3	Management of material topics	22–23, 116, 119–121	 

¹⁾ SDG: Sustainable Development Goals. The global sustainable development goals.

Auditor's report on the statutory sustainability statement

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To the general meeting of the shareholders of Magnolia Bostad AB (publ), corporate identity number 556797-7078

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2022 on pages 13–29 and 114-125 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Stockholm, 4 April 2023

Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

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Magnolia Bostad AB (publ), co.reg.no. 556797-7078, is a public Swedish limited liability company with its registered office in Stockholm, owned by Ham Nordic AB. Magnolia Bostad's bonds are listed on Nasdaq Stockholm.

The Corporate Governance Report for 2022 has been prepared as part of the Company's application of the Swedish Companies Act and the Annual Accounts Act. The company has previously and until September 2021, applied the Swedish Code of Corporate Governance due to the company being listed on the stock exchange. Several parts of the Code do not apply to companies with few owners, but in the parts of the Code that apply, the Company continues to follow them.

The Corporate Governance Report has been approved by the Company's Board and has been reviewed by the Company's auditors. To ensure that Magnolia Bostad is managed in an efficient manner, the division of responsibilities between the company's decision-making bodies is clear.

Articles of Association

The Articles of Association, together with applicable laws and existing shareholder agreements, regulate operations and governance. The company shall directly or indirectly through subsidiaries acquire, own, manage, develop and sell properties, conduct project activities regarding properties and own and manage securities and other related activities. The financial year includes calendar years. The Articles of Association can be found on the company's website under the section Corporate Governance.

Election of the Board of Directors and amendments to the Articles of Association

Magnolia Bostad's Articles of Association do not contain any special provisions on the appointment and dismissal of Board members or on amendments to the Articles of Association.

Shares and shareholding

The share capital amounted to SEK 151,289,132 at the end of December 2022, divided into 37,822,283 shares 100% owned by HAM Nordic AB.

Shareholders' voting rights

The Annual General Meeting is the highest decision-making body and the forum in which shareholders formally exercise their influence.

Annual General Meeting

The Annual General Meeting was held on 28 April 2022. HAM Nordic AB was represented by Erika Olsén. Fredrik Holmström was elected chairman of the annual general meeting. An extra general meeting was held before that on 17 February 2022 when the meeting decided to adopt new articles of association for the Company. The articles of association that were adopted made it possible for the Company's board to appoint a maximum of two board deputies. The meeting decided to elect Leif Andersson as deputy on the Company's board.

The Board

The Board of Directors is appointed by the Annual General Meeting and as of 31 December 2022, consisted of six members, Fredrik Holmström, Therese Rattik, Johan Bengtsson, Erika Olsén, Erik Rune, and Fredrik Tibell and a deputy, Leif Andersson. For the board, see **pages 131–132**.

The Board's task is to be responsible for the company's organization and administration, to continuously assess the Company's financial position and to ensure that there are effective systems for monitoring and controlling the Company's operations and compliance with laws and other rules.

The Board's tasks are carried out through organized interaction with the company's management team. Through submitted reports, the Board follows the assessment obligations that follow from law. In addition, the Board's work is governed by guidelines from the Annual General Meeting, by the Board's rules of procedure and selected parts of the Code. In 2022, 23 minuted Board meetings were held, of which ten per capsulam. The company's board has no committees, which means that the tasks are fulfilled by the entire board. The board continuously evaluates the board's work with the aim of developing the board's working methods and efficiency.

Chairman of the Board

The Chairman of the Board shall, in close collaboration with the CEO, monitor the company's results and act as Chairman of Board meetings. The Chairman is responsible for ensuring that other members of the Board receive sufficient information to carry out their work in an efficient way.

CEO and Management

The CEO is responsible for operational management, for managing the day-to-day administration and for leading the operations in accordance with the Board's guidelines, instructions and decisions. On 31 December 2022, the company's management team consisted of Johan Tengelin, Fredrik Westin, Suzana Bossel, Hanna Jessing and Henrik Meeths, see **page 133**.

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Investment Committee

Magnolia Bostad has an investment committee whose main task is to act as an advisor to the Board and prepare all investment decisions in connection with acquisitions, sales and property investments. A job description adopted by the Board applies for the investment committee, with a delegation procedure and decision matrix.

Auditors

The Company's external auditors are appointed by the Annual General Meeting. The auditors' task is to review the Company's and CEO's management of the Company on behalf of the shareholders and to ensure that the Annual Report has been prepared in accordance with the applicable laws and regulations. The 2022 Annual General Meeting resolved to elect Ernst & Young AB as auditor for the period until the end of the 2022 Annual General Meeting. In addition to auditing, Ernst & Young also primarily provided advice on tax during the year. In 2022, total remuneration to the auditors was SEK 3.2 m (3.4). See also **Note 8 – Disclosure on the auditor's fees and reimbursement of costs.**

Internal controls

According to the Swedish Companies Act, the Board is responsible for internal controls. The purpose of internal control is, with a reasonable degree of certainty, to achieve effective and efficient operations, reliable financial reporting and information about the operations, as well as compliance with applicable laws, rules, policies and guidelines.

The Corporate Governance Report on the company's internal controls refers to the company's financial reporting. The Company has established control structures and regularly monitors that these are implemented, updated and complied with. Regional managers and department heads are responsible for ensuring that internal controls are established within their areas of responsibility and that these controls achieve the intended effect. The company follows the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) framework to evaluate a company's internal control over financial reporting, "Internal Control -Integrated Framework". The framework consists of the following five components: control environment, risk assessment, control activities, information, and communication and follow-up.

The internal control process has been designed to ensure reliable overall financial reporting and external financial reporting in accordance with IFRS, applicable laws and regulations and other requirements that may be imposed on companies with bonds listed on Nasdaq Stockholm. Risk assessment regarding financial reporting takes place annually and involves the Board, senior executives and other employees.

To ensure that the Company's Code of Conduct is complied with, the Company has a whistleblower function. Through this whistleblower function, appropriate channels are offered for reporting serious irregularities committed by persons in key positions or in leading positions at the Company. Registration can be done in a way that is safe for the person reporting, while administration and monitoring of the whistleblower function is handled by an external

party. The Company has also established a Ethics Council, whose task is to ensure that reported whistleblower cases are handled correctly. If necessary, the Ethics Council also handles any matters concerning violations of the company's Code of Conduct, etc, and which are not handled within the framework of the whistleblower function.

Control environment

The basis for internal controls on financial reporting is Magnolia Bostad's organization, decision-making procedures, responsibility and authorizations that are communicated in the governing documents. These documents include the Articles of Association, the Board of Directors' rules of procedure, the CEO's instructions, the Code of Conduct, the Company's business plan, policies, the Investment Committee work description, process descriptions and manuals. The Company's work on internal control aims to identify high-risk areas and minimize these risks. All internal steering documents are regularly updated when, for example, legislation, accounting standards or listing requirements are changed.

Risk assessment

The risk of material misstatement in financial reports is assessed annually by the Company's Board of Directors, Executive Management and the Company's external auditors. There is an established risk management process at Magnolia Bostad. The CEO, in collaboration with other departments within the Company, is responsible for structured risk mapping across all business activities. the Company's risks are divided into three main types: (1) external risks, (2) operational risks and (3) organizational risks, see **pages 64-66.**

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Control activities

Control activities are designed on the basis of the risk analysis to address the significant risks identified. These are both of a preventive nature, in other words actions aiming to avoid losses or errors in reports and for purposes of discovery. The controls must also ensure that any errors will be corrected. Examples of areas that have a material impact on the Company's results and that have well-established quality control measures include accounting for projects and funding matters and sales as well as the IT environment. Controls are carried out using methods such as variance analyses and on the occasion of quarterly meetings between business areas and Executive Management. The head of strategy within the Finance department, identifies risks and ensures the Company maintains a secure IT environment. For the business, the business system forms the basis of the control structure established and focuses on important stages in the business such as investment decisions, production start-up and sales. The Company places great emphasis on follow-up of projects linked to established procedures for the project process, such as regular follow-up meetings, the Investment Committee and the Quality Council.

Information, communication

The guidelines for communication are that correct information must be provided in the correct manner and at the right time and comply with the law and Nasdaq Stockholm's regulations for issuers (interest-bearing instruments). The Company's governing documents in the form of a Code of Conduct, policies, process descriptions and manuals are reviewed annually and made available via the Company's intranet. All new employees receive information about

the governing documents and the Company has information opportunities where values and Codes of Conduct are discussed.

Follow-up

Follow-up takes place at many different levels within the company. The Company's business plan and budget are decided by the Board every year. The Board receives at least once a quarter financial re-

ports with comments including project follow-up and follow-up of guarantees and provisions. The Company's external auditor reports his observations from reviews and assessments of internal control to the Board. The Company has routines that ensure that measures are taken to deal with any shortcomings, as well as that proposals for measures that have received attention are followed up.

Magnolia Bostad's Executive Management:
Henrik Meeths, Suzana Bossel, Johan Tengelin, Fredrik Westin and Hanna Jessing.



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Fredrik Holmström
Chairman since 2009

Born 1971
Founder of Magnolia Bostad. Chairman and owner of Holmströmgruppen AB, parent company in a privately owned group of companies focused on housing production, acquisitions and management of properties as well as trading in listed and unlisted holdings. Board member of HAM Nordic AB, Ankarhagen Holding AB, Vincero Fastigheter 3 AB and Sachajuan Haircare Aktiebolag.

BSBA from IUM, Monaco (formerly University of Southern Europe).



Therese Rattik
Board member since September 2021

Born 1976
CEO Areim. Board member of the Swedish Green Building Council. Board member of HAM Nordic AB.

EMBA, specializing in Global Economy, Stockholm School of Economics, and M.Sc. in Property Economics from KTH Stockholm.



Johan Bengtsson
Board member since September 2021

Born 1975
Fund manager Areim. Board member of HAM Nordic AB.

MBA from the Stockholm School of Economics.

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Erika Olsén
Board member since September 2021

Born 1976
CIO Areim. Chairman of the Board of HAM Nordic AB. Board member of Genova Property Group AB and Diös Fastigheter AB.

M.Sc. in Property Economics from KTH Stockholm.



Erik Rune
Board member since September 2021

Born 1973
CEO Holmströmgruppen AB. Board member of HAM Nordic AB, Lyvia Group and Novedo Holding AB.

MBA from the Stockholm School of Economics.



Fredrik Tibell
Board member since September 2010

Born 1966
Founder and CEO of Caritas Corporate Finance AB, which provides financial advisory services primarily to companies within the property industry. Chairman of the Board of Ankarhagen Holding AB. Board member of HAM Nordic AB.

MBA from the Stockholm School of Economics.

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Johan Tengelin
CEO

Employed and member of Executive Management since December 2020.

Born 1970

Former partner at Brunswick Real Estate, and CEO Sveafastigheter. Prior to that, CEO of the Nordic operations at GE Capital Real Estate and partner at Carnegie Investment Bank.

MBA from School of Economics at the University of Gothenburg. Authorized Financial Analyst (CEFA) from Stockholm School of Economics.



Fredrik Westin
Deputy CEO & CFO

Employed and member of Executive Management since 2016.

Born 1973

Previously Head of Finance at Kungsleden. Also has a background as FP&A Manager and Accounting Manager at GE Capital Real Estate Nordic.

MBA from Gothenburg School of Economics.



Suzana Bossel
Head of Marketing and Communications

Employed and member of Executive Management since 2014.

Born 1973

Former PR and Marketing Manager at Ettelva Arkitekter and Arkitekthus. Before that, Svenska Husgruppen and JM.

Market Economist from IHM Business School and Higher Degree in Technical Editorial Work from Mälardalen University.



Hanna Jessing
Head of Legal

Employed and member of Executive Management since 2018.

Born 1971

Former legal counsel at Vaskronan AB. Before that, attorney at Lindskog Malmström Advokatbyrå and district court lawyer.

Master of Laws (LL.M) from Stockholm University.



Henrik Meeths
CIO

Employed since 2015. Member of Executive Management since 2022.

Born 1980

Former Associate Director at Cushman & Wakefield. Prior to that, Analyst at London & Regional Properties.

Master's degree in finance from Stockholm University and the University of California, Santa Barbara.

Auditors
Ernst & Young AB
Chief auditor:
Fredric Hävrén
Authorized public accountant

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To the general meeting of the shareholders of Magnolia Bostad AB (publ), corporate identity number 556797-7078

Engagement and responsibility
It is the Board of Directors who is responsible for the corporate governance statement for the year 2022 on pages 127–133 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 in the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 4 April 2023

Ernst & Young AB

Fredric Hävrén
Auktoriserad revisor

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Definitions and explanations

Alternative KPIs not defined in IFRS see [page 113](#)

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Agenda 2030

The UN's 17 Global Sustainable Development Goals for 2030 (UN Sustainable Development Goals), also called the SDGs.

Number of residential units

Estimated number of dwellings at a time when binding sales agreements are signed and revenue recognition takes place.

Yield-based valuation method

Based on an estimate of future cash flows for each property. The valuation consists of an assessment of the present value of the property's future net operating income during the calculation period and the present value of the property's residual value at the end of the calculation period. The calculation period varies between 10 and 15 years and the residual value has been assessed through a perpetual capitalization of an estimated market net operating income the year after the end of the calculation period.

Perpetual capitalization takes place with a yield requirement that has been derived from the current transaction market for comparable properties, both direct and indirect transactions have been taken into account (properties sold in companies). Cash flow for operating, maintenance and administration costs is based on market-based and normalized payments for operation, maintenance and property administration, whereby corrections are made for deviations. Investments are calculated on the basis of the investment need that is deemed to exist. Classification takes place at level 3 in accordance with IFRS 13.

Estimated number of building rights

Number of estimated future residential units in acquired properties. Due to uncertainties such as zoning plan processes, government decisions or non-established dates for vacancy of project properties, assessments of the number of residential units may change over time.

Estimated production start, project portfolio

Estimated production start is the management's best assessment of when the zoning plan has come into legal force and the turnkey contract and binding sales agreements have been signed. Due to uncertainty factors such as

the zoning plan processes, government decisions or non-established dates for vacancy of project properties, assessments can change over time.

Estimated completion of projects

The time for the estimated completion of a project is when the project is completed and finalized.

BoTryggt2030

BoTryggt2030 is a national concept based on an overall knowledge model and concrete guidelines. The purpose is to present crime prevention and security-creating guidelines for planning, programming, design, construction, and further development of both new and existing environments.

CO₂e

Carbon dioxide equivalents. A measure that describes greenhouse gas emissions such as carbon dioxide, methane and water vapour that contribute to global warming.

Direct allocation

In the case of direct allocation, the municipality decides that land shall be allocated to the client without a prior land allocation competition. Direct allocations can be used when there are special motives, for example when a building proposal adds special qualities to the benefit of urban development.

EU taxonomy

A classification system to clarify which economic activities can be considered sustainable and which aim to make it easy to identify and compare sustainable investments. The aim is to promote long-term planning and facilitate the relocation of capital to sustainable activities. First of all, it is about climate sustainability and what is classified as sustainable based on the Paris Agreement's goal of keeping global warming below 1.5° C.

FN Global Compact

Ten principles for sustainable business concerning the environment, labour law, anti-corruption and human rights.

The UN's global sustainability goals

The UN's 17 Global Sustainable Development Goals for 2030 also called the SDGs or Agenda 2030.

Forward funding

Forward funding means that the project is owned and financed by the project's buyers during the production period.

Sustainability through Football (Fotbollbarhet in Swedish)

Our commitment at Magnolia where we support over 30 girls' and women's football clubs and over 100 teams. The results of the work are described in our annual Sustainability through Football report.

Sales rate

Sold residential units in production divided by units in projects in production.

Green House Gas Protocol

The most widely accepted international accounting standard for understanding, quantifying and managing greenhouse gas emissions. The protocol divides the business's climate impact into three different scopes for direct and indirect impact.

GRI

Global Reporting Initiative – Global standard for sustainability reporting developed through an independent organization. It refers to the fulfillment of all targets through the GRI index.

HS30

(Sustainable Stockholm 2030) brings together actors from the housing development sector in Mälardalen, who work together to sharply reduce the ecological footprint of the industry and to take social sustainability even more seriously.

ICMA

The International Capital Markets Association's mission is to promote resilient, well-functioning international and globally cohesive cross-border markets for fixed income securities, which are crucial for financing sustainable economic growth and development.

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Information about projects in production - yield requirements, rental value and inflation
 The assessments and assumptions should not be seen as a forecast. The assessments and assumptions involve uncertainties regarding the project's implementation, design and size, schedules, project costs, yield requirements as well as future rental value and inflation.

The information on projects in progress and non-production-started projects is reviewed regularly and assessments and assumptions are adjusted as a result of projects being started, completed or added to, and conditions changing.

For projects that have not been production-started, financing has not been procured, which means that financing of construction investments in project development is an uncertainty factor. Projects that are currently being run by the company itself may in future be run in JV.

Information about earning capacity
 Rental development and property value for completed properties, properties in progress and non-production-started properties include assessments and assumptions. Operating and maintenance costs are estimated according to the standard rate and include operation, maintenance, any prop-erty fees and administration, but not a share of Magnolia Bostad's costs for central administration.

Financing costs are calculated at 3% based on an estimated loan ratio of 70% of the assessed property value. The assessments and assumptions involve uncertainties and the information above should not be seen as a forecast.

Information about projects in production and non-production-started projects in the Annual Report is based on assessments of size, focus and scope and when in time projects are judged to be started and completed. Furthermore, the information is based on assessments of future

investments and rental value. The assessments and assumptions involve uncertainties regarding the project's implementation, design and size, schedules, project costs and future rental value. The information on projects in progress and non-production-started projects is reviewed regularly and assessments and assumptions are adjusted as a result of projects being started, completed or added to, and conditions changing.

For projects that have not been production-started, financing has not been procured, which means that financing of construction investments in project development is an uncertainty factor. Projects that are currently being run by the company itself may in future be run in JVs.

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Financial calendar

Interim report January–March 2023
28 April 2023

Interim report January–June 2023
7 July 2023

Interim report January–September 2023
25 October 2023

Year-End Report January–December 2023
21 February 2024

Contact

Johan Tengelin
CEO
johan.tengelin@magnoliabostad.se

Fredrik Westin
Deputy CEO & CFO
fredrik.westin@magnoliabostad.se

Magnolia Bostad's switchboard:
08–470 50 80

www.magnoliabostad.se

Magnolia Bostad's Annual Report 2022

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Lindens park, Kungsbacka (representation): page 30
Linneförrådet, Göteborg (representation): page 39
Öresjö Ångar Berget, Borås (representation): page 59
Strandblick, Östersund: page 117
Poeten, Västerås (representation): page 130 |
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